



PUBLIC NOTICE

Federal Communications Commission
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Washington, D.C. 20554

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Released: May 13, 2020

FCC PUBLICLY RELEASES MORE DETAILED VERSION OF NOTICE OF APPARENT LIABILITY AGAINST AMERICAN BROADBAND

On October 25, 2018, the Federal Communications Commission (Commission) issued a Notice of Apparent Liability for Forfeiture and Order (*NAL*) against American Broadband & Telecommunications Company (American Broadband) for apparently willfully and repeatedly violating the Commission's rules governing the Lifeline program and apparently improperly receiving millions of dollars in Lifeline support from the Universal Service Fund.¹ The public version of the *NAL* was heavily redacted due to American Broadband's request for confidential treatment of the materials it submitted during the course of the Commission's investigation. In the *NAL*, the Commission denied the majority of American Broadband's request for confidentiality.² On April 13, 2020, the Commission issued an *Order on Reconsideration* denying American Broadband's petition for reconsideration of that ruling and affirming that disclosure of the details of American Broadband's apparent violations was in the public interest.³ Because American Broadband has not sought a judicial stay of the Commission's *Order on Reconsideration* within the ten-day period prescribed by the Commission's rules,⁴ the less redacted version of the *NAL*, as approved by the Commission, is now being made publicly available as an attachment to this Public Notice.

Issued by: Chief, Enforcement Bureau

- FCC -

¹ *American Broadband & Telecommunications Company and Jeffrey S. Ansted*, Notice of Apparent Liability for Forfeiture and Order, 33 FCC Rcd 10308 (2018).

² *Id.*, 33 FCC Rcd at 10367, para. 192.

³ *American Broadband & Telecommunications Company and Jeffrey S. Ansted*, Order on Reconsideration, FCC 20-47 (Apr. 13, 2020).

⁴ 47 CFR § 0.459(g).

ATTACHMENT

REDACTED

Federal Communications Commission

FCC 18-144

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)	
)	
American Broadband & Telecommunications Company)	File No.: EB-IHD-17-00023554
)	NAL/Acct. No.: 201932080001
)	
Jeffrey S. Ansted)	

NOTICE OF APPARENT LIABILITY FOR FORFEITURE AND ORDER

Adopted: October 23, 2018

Released: October 25, 2018

By the Commission: Chairman Pai and Commissioners Carr and Rosenworcel issuing separate statements.

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I. INTRODUCTION

1. In this Notice of Apparent Liability for Forfeiture (NAL), we propose a \$63,463,500 forfeiture penalty against American Broadband & Telecommunications Company (American Broadband or the Company), doing business as American Assistance, for apparently willfully and repeatedly engaging in conduct that violated the Commission’s rules governing the federal Lifeline program.

2. American Broadband (1) apparently created, then sought and obtained Lifeline support for ineligible or duplicate¹ Lifeline accounts; (2) sought and obtained Lifeline support for deceased individuals; (3) repeatedly filed Forms 497 seeking Lifeline support, and obtained support for ineligible Lifeline accounts even after its own compliance staff had identified the enrollments as “fraudulent”² and

¹ The Commission has previously addressed avoiding overcompensating providers for service to the same customer or to more than one customer in the same household. See *Lifeline & Link Up Reform & Modernization*, Report and Order, 26 FCC Rcd 9022, 9027, paras. 1, 8-9 (2011) (*Lifeline Duplicates Order*); see *Lifeline and Link Up Reform and Modernization*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6687, paras. 69-70 (2012) (*Lifeline Reform Order*); Requests for Review of Decisions of the Universal Service Administrator by Assist Wireless, Inc., et al., *Order*, DA 18-464 (WCB May 7, 2018) (*Lifeline IDV Appeals Order*). In this NAL and consistent with the Commission’s stated goal, a duplicate applies to “seeking duplicative compensation for nearly identical or substantially similar customer records that likely were the same customer or a member of the same household.” See *Lifeline IDV Appeals Order* at 5, para. 8.

² See ABT-OIG00057089. Material redacted because of confidential business or other reasons appears in the public version of this Notice of Apparent Liability and Forfeiture Order as black space. American Broadband requested confidential treatment under the Sections 0.457 and 0.459 of Commission’s rules for correspondence and documents it submitted to the Commission, and asserted that the documents and information it furnished contain “confidential proprietary, financial and business information and information about the Company’s customers” and noting that such competitively sensitive information is exempted from mandatory disclosure under “Exemption 4” of the Freedom of Information Act (“FOIA”) and Section 0.457(d) of the Commission’s rules. See e.g., Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to Ryan Palmer, Telecommunications Access Policy Division, FCC (Sept. 16, 2016) (Sept. 16 Letter) (“The information for which American Broadband is requesting confidential treatment is proprietary and competitively sensitive information that is not customarily disclosed to the public or within the industry. The confidential documents reveal details about American Broadband’s business practices, compensation, its internal operating, training and compliance procedures and activities, and its customers, the disclosure of which would cause great harm.”); Letter from John J. Heitmann, Kelley Drye & Warren LLP, Counsel for American Broadband, to Dangkhwa Nguyen, FCC, Enforcement Bureau (Nov. 3, 2017) (“[American Broadband] ... hereby requests confidential treatment of the accompanying drive containing documents . . . the . . . Production contains confidential proprietary, financial, and business information . . . The information for which

(continued)

after it had represented to the Commission that it had identified and remediated all improper Lifeline claims; and (4) failed to de-enroll ineligible subscribers that it knew or should have known were ineligible to receive Lifeline support. As a result of this conduct, American Broadband apparently violated sections 54.405(e)(1)-(3); 54.407(c)(2); 54.407(c)(2); and 54.410(a) of the Commission's rules and apparently improperly received millions of dollars of Lifeline support from the Universal Service Fund.

3. We find that the proposed \$63,463,500 forfeiture penalty reflects the scope, duration, seriousness, and egregiousness of American Broadband's numerous apparent violations. As discussed in detail herein, the proposed penalty reflects the conduct of the Company for a period after which the Company reported to the Commission that it had received overpayments from the Fund and had taken action to ensure compliance with Lifeline program rules. We find that American Broadband and its owner, Jeffrey Ansted, are apparently jointly and severally liable for the proposed forfeiture penalty.³ Additionally, we order American Broadband to submit a report within 30 days of this NAL addressing why the Commission should not begin proceedings to revoke its Commission authorizations.

II. BACKGROUND

A. Legal Framework

4. *Lifeline Program.* The Lifeline program provides support for communications services⁴ provided by eligible telecommunications carriers (ETCs) to qualifying low-income consumers.⁵ The program helps to ensure that low-income Americans have access to the opportunities and security that phone and broadband services provide, including the ability to connect to jobs, family members, and emergency services.⁶

(Continued from previous page)

[American Broadband] requests confidential treatment is proprietary and competitively sensitive information that is not customarily disclosed to the public or within the industry. The market for Lifeline services, including the services offered by [American Broadband], is highly competitive . . . Production reveals details about [American Broadband's] customers and business practices as well as its internal operating and compliance procedures . . . [American Broadband] derives independent economic value from the fact that such significant, detailed proprietary information is unknown to its competitors. . . ."). See *infra* Section VI; see also 47 CFR §§ 0.457, 0.459.

³ As discussed below, Jeffrey Ansted apparently used Lifeline support for his personal benefit, including using Lifeline support to purchase, among other things, a convertible Ferrari, a Cessna 525C jet, and a condominium in Florida.

⁴ Lifeline provides "qualifying low-income consumers with voice telephony service or broadband Internet access service." 47 CFR § 54.401(a)(2).

⁵ *Id.* See *Lifeline and Link Up Reform and Modernization*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6687, paras. 69-70 (2012) (codifying a rule limiting Lifeline support to "a single subscription per household") (*Lifeline Reform Order*); 47 CFR § 54.409 (providing that to constitute a qualifying low-income consumer, (1) a consumer's household income must be at or below 135% of the Federal Poverty Guidelines for a household of that size, or the consumer (or the consumer's household) must receive benefits from a qualifying federal assistance program, such as Supplemental Nutrition Assistance Program (SNAP); and (2) the consumer must not already be receiving a Lifeline service, and there must not be anyone else in the subscriber's household subscribed to a Lifeline service); see also 47 CFR § 54.400(h) (defining "household" as "any individual or group of individuals who are living together at the same address as one economic unit. . . .") and 54.400(g) (providing that "[d]uplicative support exists when a Lifeline subscriber is receiving two or more Lifeline services concurrently or two or more subscribers in a household are receiving Lifeline services . . . concurrently.").

⁶ *Lifeline Reform Order*, 27 FCC Rcd at 6662-67, paras. 11-18. See *Lifeline and Link Up Reform and Modernization*, Third Report and Order, and Further Report and Order and Order on Reconsideration, 31 FCC Rcd 3962 (2016) (*Lifeline Reform Third Report and Order*).

5. To participate in the Lifeline program and receive federal universal service support for providing Lifeline service, a provider must be designated as an ETC.⁷ Once designated, an ETC may receive Lifeline support in the amount of \$9.25 per month, per subscriber⁸ “based on the number of actual qualifying low-income consumers it serves directly.”⁹ Pursuant to section 54.407, in order to receive reimbursement for offering Lifeline, an ETC must certify “as part of each request for reimbursement that it is in compliance with all of the rules” and “must keep accurate records of the revenues it forgoes in providing Lifeline services.”¹⁰

6. The Universal Service Administrative Company (USAC) is the administrator of the federal universal service programs, including the Lifeline program.¹¹ Among other things, USAC collects and distributes universal service funds.¹² USAC uses the National Lifeline Accountability Database (NLAD) to receive and process subscriber data.¹³ Under program rules, ETCs must query NLAD to determine consumers’ eligibility to receive Lifeline service, and “[i]f the Database indicates that a prospective subscriber . . . is currently receiving a Lifeline service the [ETC] must not provide and shall not seek or receive Lifeline reimbursement for that subscriber.”¹⁴

7. USAC and ETCs use NLAD to facilitate benefit transfers. A benefit transfer occurs when one service provider transfers a subscriber’s Lifeline benefit from another service provider.¹⁵ Prior to initiating a benefit transfer in NLAD, the service provider must obtain the consent of the subscriber and

⁷ 47 U.S.C. § 254(e) (“[O]nly an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific federal universal service support.”). Pursuant to sections 214(e)(1)(A) and (B), a common carrier designated as an ETC must offer the services supported by the federal universal service support mechanisms either using its own facilities or a combination of its own facilities and resale of another carrier’s services throughout its designated service area and must advertise the availability and charges for those services. See 47 U.S.C. §§ 214(e)(1)(A), (B).

Each service provider that receives federal universal service support must complete the Service Provider and Billed Entity Identification Number and Contact Information Form, FCC Form 498, OMB3060-0824 (Form 498). See http://www.usac.org/res/documents/cont/pdf/forms/2013/FCC_498_Form-Instructions.pdf (last visited Oct. 23, 2018). USAC uses information provided on the form to administer the billing, collection, and disbursement operations of the federal universal service programs. Among other information, on the Form 498, the service provider provides a description of its telecommunications activities and its financial institution information. *Id.* An authorized company officer must certify that the information provided on the Form 498 is “true, accurate, and complete.” *Id.*

⁸ See 47 CFR § 54.403(a)(1). An ETC may seek and receive reimbursement from the Fund for revenues it forgoes in providing the discounted services to eligible consumers in accordance with the Commission’s rules. 47 CFR § 54.403(a). An ETC may receive additional federal Lifeline support of up to \$25 per month for providing Lifeline service to an eligible resident of Tribal lands. 47 CFR § 54.403(a)(2).

⁹ 47 CFR § 54.407(a). Effective December 2, 2016, section 54.407(a) only permits ETCs to claim support for qualifying Lifeline subscribers “they serve directly as of the first of the month.”

¹⁰ 47 CFR §§ 54.407(d), (e).

¹¹ See 47 CFR §§ 54.701(a), 54.702(b).

¹² 47 CFR § 54.701(a). See USAC’s website at <https://www.usac.org> (last visited May 10, 2018).

¹³ *Lifeline Reform Order*, 27 FCC Rcd at 6734-6749; see 47 CFR §§ 54.404 (codifying rules governing NLAD), 54.409(c) (providing the rules for consumer qualifications for Lifeline), and 54.410(a)(1) (discussing “subscriber eligibility determination and certification”).

¹⁴ See 47 CFR §§ 54.404(b)(1), (2); *Lifeline Reform Order*, 27 FCC Rcd at 6743, para. 203; see, e.g., *Lifeline Linkup Reform and Modernization et al.*, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, 30 FCC Rcd 7818, 7879, para. 179 & n.340 (2015) (allowing Oregon, Texas and California to receive approval to opt-out of the NLAD).

¹⁵ See USAC’s website at <https://www.usac.org/li/tools/nlad/benefit-transfers.aspx> (last visited Apr. 10, 2017).

proper documentation of consent.¹⁶ Once a benefit transfer has been successfully completed in NLAD, USAC notifies both the former and current Lifeline service providers of the change.¹⁷

8. Pursuant to section 54.410(a) of the Commission's rules, an ETC must implement policies and procedures "for ensuring that their Lifeline subscribers are eligible to receive Lifeline services."¹⁸ ETCs receiving Lifeline support are responsible for any conduct by their agents or representatives that violates the Commission's rules.¹⁹ In 2015, the Commission revised sections 54.404 and 54.410 of its rules to require that all ETCs retain documentation demonstrating subscriber income-based or program-based eligibility for participation in the Lifeline program for the purposes of production during audits or investigations or to the extent required by NLAD processes, including the dispute resolution processes that require verification of identity, address, or age of subscribers.²⁰ Pursuant to section 54.417(a), an ETC must maintain records to document its compliance with all Lifeline rules.²¹

9. *Form 497.* Prior to the 2018 data months, ETCs used the FCC Form 497 (Form 497) to request reimbursement from the Fund.²² An ETC filed a Form 497 for each study area code (SAC) in which it provides Lifeline services.²³ On the Form 497, an ETC multiplied the number of its subscribers by the applicable Lifeline support amount to determine the total Lifeline support amount for the SAC. Upon request, an ETC must provide to USAC or the Commission any additional supporting information, including enrollment documents and applicable subscriber data.²⁴ For example, an ETC may be required to provide the list of subscribers (Subscriber List) for which the ETC sought Lifeline support on its Form 497.²⁵ An ETC may file a revised Form 497 within 12 months after the form has been submitted.²⁶

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ 47 CFR § 54.410(a).

¹⁹ *Lifeline and Link Up Modernization and Reform*, WC Docket No. 11-42, Order, 28 FCC Rcd 9057 (WCB 2013); FCC Enforcement Advisory, 28 FCC Rcd 9022 (EB 2013).

²⁰ See *Lifeline Link Up Reform and Modernization et al.*, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, 30 FCC Rcd 7818, 7894-95, paras. 231-32 (2015); 47 CFR § 54.404(b)(11) (2015) (providing that ETCs "must securely retain subscriber documentation that the ETC reviewed to verify subscriber eligibility, for the purposes of production during audits or investigations . . . which require, *inter alia*, verification of eligibility, identity, address, and age") and 47 CFR § 54.410(b)(1)(ii) (2016) (providing that ETCs "[m]ust securely retain copies of documentation demonstrating a prospective subscriber's income-based eligibility for Lifeline consistent with § 54.417"); 47 CFR § 54.410(c)(1)(ii) (2016) (providing that ETCs "[m]ust securely retain copies of the documentation demonstrating a subscriber's program-based eligibility for Lifeline consistent with § 54.417"); *Wireline Competition Bureau Announces Effective Dates of Lifeline Rules Following Approval by the Office of Management and Budget*, Public Notice, 33 FCC Rcd 197 (WCB Jan. 15, 2016) (providing that the rule changes would become effective on or after February 4, 2016).

²¹ 47 CFR § 54.417(a). ETCs must keep records required pursuant to sections 54.404(b)(11), 54.410(b), 54.410(c), 54.410(d), and 54.410(f) for "as long as the subscriber receives Lifeline service from the ETC, but for no less than the three full preceding calendar years." *Id.*

²² See Lifeline Worksheet, FCC Form 497, OMB Approval 3060-0819 (Form 497), <http://www.usac.org/li/tools/forms/default.aspx> (last visited Oct. 23, 2018). ETCs submit Lifeline reimbursement requests through USAC's Lifeline Claims System. See *Wireline Competition Bureau Provides Guidance on the Lifeline Reimbursement Payment Process Based on NLAD Data*, Public Notice, 33 FCC Rcd 128 (WCB Jan. 10, 2018); USAC Website, Receive Reimbursement Payment, <https://www.usac.org/li/program-requirements/receive-payment/default.aspx> (last visited July 10, 2018).

²³ *Id.*

²⁴ *Id.*

²⁵ See 47 CFR § 54.404(b)(6) (providing that ETCs "must transmit to the Database in a format prescribed by the Administrator each new and existing Lifeline subscriber's full name; full residential address; date of birth and the

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10. Consistent with section 54.403 and 54.407 of the Commission's rules, on the Form 497, an ETC must certify that (1) it will pass through "the full amount of all . . . Lifeline support for which it seeks reimbursement . . . to all qualifying low-income subscribers," and (2) it is in compliance with all of the Lifeline program rules.²⁷ An officer of the ETC must certify under penalty of perjury that "the data contained in this form has been examined and reviewed and is true, accurate, and complete" and persons willfully making false statements on this form can be punished by fine or imprisonment."²⁸

11. *De-enrollment.* If a subscriber becomes ineligible for the Lifeline benefit, the ETC must de-enroll that subscriber from the Lifeline program. An ETC must de-enroll a subscriber from its Lifeline program if the ETC "has a reasonable basis to believe that the subscriber no longer meets" the eligibility criteria.²⁹ An ETC must also de-enroll a subscriber if it receives notice from USAC to do so.³⁰ Upon notification that a subscriber is receiving Lifeline service from another ETC or that more than one member of a subscriber's household is receiving Lifeline service, an ETC must "de-enroll the subscriber from participation in the carrier's Lifeline program within five business days" and the ETC "shall not be eligible for Lifeline reimbursement for any de-enrolled subscriber following the date of that subscriber's de-enrollment."³¹ Additionally, under the rules in effect prior to December 2, 2016, pursuant to sections 54.405(e)(3) and 54.407(c)(2), an ETC must de-enroll and not seek Lifeline support for a subscriber if the subscriber fails to use³² the Lifeline-supported service within 60 consecutive days and does not cure its non-usage during the 30-day notice period.³³ Finally, pursuant to 54.405(e)(5), "if an [ETC] receives a request from a subscriber to de-enroll, it must de-enroll the subscriber within two business days after the request."³⁴

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last four digits of the subscriber's Social Security number or Tribal Identification number, if the subscriber is a member of a Tribal nation and does not have a Social Security number; the telephone number associated with the Lifeline service; the date on which the Lifeline service was initiated . . .").

²⁶ See *Lifeline Reform Order*, 27 FCC Rcd at 6788, para. 305.

²⁷ 47 CFR §§ 54.403(a)(1), 54.407(d). See Form 497.

²⁸ See 47 CFR § 54.407(d); Form 497.

²⁹ 47 CFR § 54.405(e)(1) (de-enrollment generally). When an ETC de-enrolls a subscriber, it must transmit to NLAD "the date of Lifeline service de-enrollment within one business day of de-enrollment." See 47 CFR § 54.404(b)(10).

³⁰ 47 CFR § 54.405(e)(2).

³¹ *Id.*

³² See 47 CFR §§ 54.407(c)(2)(i)-(v) (providing, "[a]ny of these activities, if undertaken by the subscriber, will establish 'usage' . . . [c]ompletion of an outbound call or usage of data; purchase of minutes or data from the [ETC] . . . answering an incoming call from a party other than the [ETC] . . . responding to direct contract from the [ETC] . . . sending a text message" (emphasis added)).

³³ 47 CFR § 54.405(e)(3) (de-enrollment for non-usage) (2014); see also 47 CFR § 54.407(c) (providing that after service activation, an ETC "shall only continue to receive universal service support . . . for . . . service provided to subscribers who have used the service in within the last 60 days"). Effective December 2, 2016, the Commission amended its non-usage requirement, indicating, "we find it appropriate at this time to shorten the non-usage period from 60 to 30 days, along with a corresponding reduction in the time allotted for service providers to notify their subscribers of possible termination from 30 to 15 days." See *Lifeline Reform*, Third Report and Order, 31 FCC Rcd at 4115, para. 415. See 47 CFR §§ 54.405(e)(3), 54.407(c) (2016).

³⁴ 47 CFR § 54.405(e)(5).

B. Relevant Entities

12. *American Broadband & Telecommunications Company.* American Broadband is a Delaware corporation, headquartered in Toledo, Ohio.³⁵ American Broadband “provides telecommunication services including local and long-distance telephone service and dial-up and broadband internet access to residential and commercial customers located primarily in rural areas.”³⁶ Among other things, American Broadband is a wireless reseller.³⁷

13. American Broadband is an ETC, designated by states/territories to provide Lifeline service in Arizona, Colorado, Georgia, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Missouri, Nevada, Ohio, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Utah, West Virginia, and Wisconsin.³⁸ Since 2014, American Broadband has received more than \$81.9 million in federal USF Lifeline support.³⁹

1. The Company’s Ownership and Management

14. *Jeffrey Ansted.* Jeffrey Ansted is the sole corporate officer and shareholder of American Broadband⁴⁰ and serves as the Company’s president and Chief Executive Officer (CEO).⁴¹ As the president and CEO, Jeffrey Ansted signed and certified American Broadband’s Forms 497 and 498.⁴²

15. Ansted is also the managing member of Glenmore-Tuscarauras Partners, (Glenmore-Tuscarauras), a limited liability company organized under the laws of Delaware.⁴³ In December 2015, Jeffrey Ansted contracted to purchase a fixed wing multi-engine aircraft (private plane) on behalf of Glenmore-Tuscarauras.⁴⁴

³⁵ See Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to USF Strike Force, FCC, at 3 and Enclosure (May 25, 2017) (May 25 LOI Response). American Broadband “was formed in March 2003 and began providing services in 2004.” See American Broadband, Financial Statements and Supplementary Information with Independent Accountant’s Review Report, December 21, 2015 and 2014 at 9 (dated Apr. 1, 2016) (2015 Financial Statements); see also Letter from Loyaan Egal, Enforcement Bureau, FCC, to Jeffrey S. Ansted, President, American Broadband, and Kelley Drye & Warren LLP, Counsel for American Broadband (Apr. 25, 2017) (LOI); Certificate of Incorporation, American Broadband and Telecommunications Company at ABTC 58-000002.

³⁶ 2015 Financial Statements at 9. On its Form 498, American Broadband described its principal communications type as “competitive access provider/competitive local exchange carrier.” See American Broadband FCC Form 498 (dated Mar. 5, 2010).

³⁷ Petition of American Broadband Telecommunications Company for Limited Designation as an Eligible Telecommunications Carrier in Alabama, Connecticut, Delaware, the District of Columbia, Florida, New Hampshire, New York, North Carolina, Tennessee, Texas and Virginia, WC Docket No.09-197 (dated June 6, 2013) at 2 (American Broadband FCC ETC Petition).

³⁸ See *id.* at 4-5; May 25 LOI Response at 3.

³⁹ See USAC Funding Disbursement Search Tool at, <https://www.usac.org/li/tools/disbursements/default.aspx> (last visited Mar. 28, 2018).

⁴⁰ See 2015 Financial Statements at 9.

⁴¹ May 25 LOI Response at 2.

⁴² See, e.g., American Broadband, FCC Form 498 (dated Mar. 5, 2010); American Broadband, Form 497, SAC 309010, Ohio, data month Jan. 2014 (dated Feb. 5, 2014). See *supra* note 6; Appendix A.

⁴³ See Subpoena Response, People’s United Bank, on file in EB-IHD-17-00023554 (indicating that the company is managed by “members” and listing only Jeffrey Ansted as manager).

⁴⁴ See Subpoena Response, People’s United Bank, on file in EB-IHD-17-00023554. Jeffrey Ansted titled and registered the jet in Glenmore-Tuscarauras’s name. American Broadband leased the jet from Glenmore-Tuscarauras. See Federal Aviation Administration’s website at, http://registry.faa.gov/aircraftinquiry/NNum_Results.aspx?NNumbertxt=N254AB (last visited Oct. 23, 2018)

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16. *The Company's Management.* The following individuals held the job title of director at American Broadband during the stated period:

- Rob Enos (Enos), Director of Sales and Marketing (January 2013 – December 2015), then, Vice President of Operations (January 2016 – at least May 25, 2017)
- David Noe (Noe), Director of Operations (April 2013 – August 2014), then, Director of Wireline Operations (August 2014 – at least May 25, 2017);
- Adam Jarvis (Jarvis), Operations Manager – Lifeline (April 2013 – August 2014), then, Director of Wireless Operations (August 2014 – at least May 25, 2017);
- Curt Church (Church), Director of Customer Service (April 2013 – at May 2017);
- Jack Roche (Roche), Director of Finance (April 2013 – October 2014);
- Mike Ansted (M. Ansted), Director of Sales and Marketing (December 2015 – July 2016), then, Director of Wireless Sales and Compliance (July 2016 – at least May 25, 2017).⁴⁵

2. American Broadband's Master Agents

17. American Broadband contracted with master agents who enrolled consumers into the Lifeline program. The master agents were based in different regions and territories throughout the Company's designated service area. The master agents employed individual sales agents/subagents who dealt directly with customers and performed the Lifeline enrollments for the Company.⁴⁶ American Broadband had access to the enrollments performed by the sales agents and maintained the subscriber's records.

18. In the agreements between American Broadband and its master agents, among other terms, American Broadband and the master agents agreed: (1) that a phone is not considered active until a first call has been made, (2) that the master agent/agent's organization "will not represent" any other Lifeline providers, and (3) "[i]t is expected that you will adhere to ALL compliance practices."⁴⁷ According to the terms of the agreements, the master agents were paid on commission.⁴⁸ In the

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(registering a "fixed wing multi-engine aircraft" owned by Glenmore Tuscarauras and listing the company's address as 1 Seagate Suite 600, Toledo OH as the company's address, which is also American Broadband's address).

⁴⁵ See LOI, Inquiry No. 1 (requesting a list of the Company's officers and directors); May 25 LOI Response at 2-3 (identifying individuals holding the title of director).

⁴⁶ Based on the record in this case, the master agents apparently established the terms of employment, including the compensation of their subagents.

⁴⁷ See, e.g., Letter signed by Rob Enos, Director of Sales, American Broadband, and Alex Menda (Nov. 11, 2015) at ABT-OIG02094205 (Menda Agreement); Letter from Mike Ansted, Director of Sales, American Broadband Telecommunications, to Hakim McLawrence (Jan. 26, 2016) at ABT-OIG02129484 (McLawrence Agreement); Letter signed by Mike Ansted, American Broadband, and Brian Jones, Advantage Wireless (Feb. 22, 2016) at ABT-OIG02130373 (Jones Agreement); Letter signed by Mike Ansted, American Broadband, and Saher Dadou, J&A Wireless (Jan. 29, 2016) at ABT-OIG02125986 (Dadou Agreement); Letter signed by Mike Ansted, American Broadband, and Shannon Sheehan, Truth Elite (Jan. 26, 2016) at ABT-OIG02140021 (Sheehan Agreement); Letter signed by Mike Ansted, American Broadband, and Lutricia Clay (Mar. 9, 2016) at ABT-OIG-02094613.

⁴⁸ See, e.g., Sheehan Agreement (providing "[y]our commission rate for every phone that you activate will be

"); Dadou Agreement (providing "[y]our commission rate
for every phone that you activate will be
Agreement (providing "[y]our commission rate for every phone that you activate will be

"); Jones
(continued)

agreements, American Broadband did not define the term master agent or establish guidelines to be used by the agents for enrolling subscribers into its Lifeline program or further articulate what was meant by “ALL compliance practices.”⁴⁹ The agreements did not reference FCC rules or USAC and showed minimal compliance practices established by the Company.⁵⁰ By October 2016, American Broadband had contracted with dozens of master agents and with their subagents, and the master agents enrolled most of American Broadband’s Lifeline customers.⁵¹

19. Brian Jones. American Broadband had a relationship with Brian Jones (Jones) by at least November 2013.⁵² In a letter dated November 25, 2013, American Broadband identified Jones as an “independent agent” and indicated that his region would include the Grand Rapids, Kalamazoo, Battle Creek, and Muskegon areas in Michigan.⁵³ American Broadband and Jones signed an “agent agreement” on February 22, 2016, in which American Broadband identified Jones as a “Senior Master Agent.”⁵⁴ Jones enrolled thousands of Lifeline customers for American Broadband and based on Company records, he served as master agent for the Company until at least October 2016.⁵⁵

20. Saher Dadou. Saher Dadou (Saher or Dadou) was the owner of J&A Wireless (J&A).⁵⁶ American Broadband entered into several different agreements with Dadou including an agreement signed on May 20, 2014.⁵⁷ A few months later, the Company reviewed Saher’s Lifeline enrollments. Following the review, Jarvis reported to Jeffrey Ansted that, “the preliminary results of my audit of Saher’s orders were not pretty” and “[t]here has been a significant spike in his TPIV (Third Party Identity Verification) errors the past couple weeks.”⁵⁸ On January 7, 2015, Enos e-mailed Jeffrey Ansted, stating

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every phone that you activate will be”); Menda Agreement (providing “[y]our commission rate for every phone that you activate will be”); McLawrence Agreement (providing “[y]our commission rate for every phone that you activate will be”).

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ E-mail from Adam Jarvis, American Broadband to Mike Ansted et al., American Broadband (Oct. 28, 2016, 11:31 a.m.) (“I need to know which agent accounts below are part of your field count. Then I will need to know which . . . of the agent accounts . . . that ARE NOT part of you [sic] field count were removed from the count at some point this month. That should be any agent that was fired on or after October 1st”) at ABT-OIG00193067. *See also* E-mail from Carlos Lopez, President, Cal Communications, Inc., to Mike Ansted, American Broadband (May 11, 2016, 4:32 p.m.) (attaching a Master Agent Agreement for Campana Technology Corporation (Campana)) at ABT-OIG00021812.

⁵² Letter from Rob Enos, American Broadband, to Brian Jones, Advantage Wireless (Nov. 25, 2013) at ABT-OIG02140683. American Broadband communicated to Jones, “” *Id.*

⁵³ *Id.*

⁵⁴ Letter signed by Mike Ansted, American Broadband and Brian Jones, Advantage Wireless (Feb. 22, 2016) at ABT-OIG-02130373.

⁵⁵ E-mail from Adam Jarvis, American Broadband, to Mike Ansted et al., American Broadband (Oct. 28, 2016, 11:49 a.m.) at ABT-OIG00193067.

⁵⁶ Dadou Agreement.

⁵⁷ American Broadband & Telecommunications Retail Partner Agreement with J&A Wireless, signed by Saher Dadou (May 20, 2014) at ABT-OIG02125986. In the agreement, Dadou and the Company agreed that J&A “may offer” American Broadband’s wireless telecommunication services (“fully supported by American Broadband”) to J&A’s customers. *Id.* *See also* Dadou Agreement.

⁵⁸ E-mail from Adam Jarvis, American Broadband, to Jeffrey Ansted, American Broadband (Aug. 5, 2014, 8:32 p.m.) at ABT-OIG00005867. Jarvis wrote, “[a]s planned, we will be putting a clause in his agreement that will

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“I had a meeting with our team and asked the guys to coordinate a campaign to call recent (Saher) activations to see if data in our apps match customer on the phone. . . .”⁵⁹ On January 29, 2016, American Broadband entered into another agreement with Dadou, referring to him as a “Master II Agent” and indicating that his regional focus was Dearborn, Michigan.⁶⁰

21. In March 2016, Jeffrey Ansted inquired about Saher, and in response, Enos forwarded to Jeffrey Ansted an e-mail he had sent to Saher earlier that same day.⁶¹ In the e-mail, Enos communicated to Saher, “. . . I believe there are a lot of conditions that must be met if we are going to continue to allow J&A to represent American Assistance . . . [w]e have had this conversation many times but at this point the risk your group brings to ours with your inability to work in a compliant manner has become so concerning that we are very strongly considering breaking ties with you.”⁶² Enos wrote, “you will provide us with every agent name and profile . . . you will train your staff on site as a group . . . you will not be paid on obvious fraudulent orders,” and “[n]o commissions will be paid on applications that have had multiple attempts and name and information changes in order to get the applications through.”⁶³ Based on Company records, Saher continued as a master agent for American Broadband until at least September 2016.⁶⁴

22. Other Master Agents. American Broadband also entered into agreements with: (1) Jerome Harvey, for Harvey to represent the Company in southern Indiana;⁶⁵ (2) Raymond Sowell, with

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result in fines for invalid orders making it through the order entry process . . . I will be sending a list of accounts to Saher requesting he try to track down the correct information for these customers.” *Id.*

With respect to TPIV, see *Bridging the Digital Divide for Low-Income Consumers, Lifeline and Link Up Reform and Modernization*, 32 FCC Rcd 10475 (2017) (“An NLAD denial occurs when a subscriber fails one of the protective checks contained in the NLAD system. For example, if USAC’s automated identity check rejects a consumer’s application, that consumer may produce documentation verifying their identity, because the databases that are available to automatically verify identity are not comprehensive. A Lifeline subscriber may dispute an NLAD denial by submitting the appropriate documentation to the ETC. The ETC then reviews the documents, verifies the information at issue in the dispute, and processes the dispute resolution with USAC.”); USAC’s website, National Lifeline Accountability Database: Dispute Resolution, <https://usac.org/li/tools/nlad/dispute-resolution/default.aspx> (last visited May 11, 2017).

⁵⁹ E-mail from Rob Enos, American Broadband, to Jeffrey Ansted, American Broadband (Jan. 7, 2015, 2:50 p.m.) at ABT-OIG00002501.

⁶⁰ Dadou Agreement.

⁶¹ Enos wrote, “Since you were interested in Saher, here is the communication I sent him this morning (after I spoke with him).” E-mail from Rob Enos, American Broadband, to Jeffrey Ansted, American Broadband (Mar. 22, 2016, 5:19 p.m.) at ABT-OIG00004065.

⁶² *Id.*

⁶³ *Id.* In the e-mail, Enos communicated that the agent profiles would “give us necessary information to run background checks on these agents.” He listed examples of name and information changes—“adding prefixes, suffixes, middle initials . . . adding incorrect names to the application that are not anywhere on their identification,” and “putting names in the wrong field.” *Id.* He wrote, “we will not pay for duplication of names regardless of how they are copied, whether it by name [*sic*], date of birth, or last 4 of Social Security number.” *Id.*

⁶⁴ E-mail from Adam Jarvis, American Broadband, to Mike Ansted et al., American Broadband (Oct. 28, 2016, 11:49 a.m.) at ABT-OIG00193067.

⁶⁵ Letter between American Broadband and Jerome Harvey (Nov. 4, 2015) at ABT-OIG02094184. See E-mail from Rob Enos, Vice-President of Operations American Broadband, to Mike Ansted, Director of Sales, American Broadband (Sep. 22, 2016) (providing a list of 16 individuals/entities, attaching agent agreements for those individuals/entities and inquiring if there was anyone not on the list that would be considered a Master Agent) at ABT-OIG02094178.

Sowell representing the company in Chicago, Illinois;⁶⁶ (3) Alex Menda to be “the sole distributor” for American Broadband’s phones in Puerto Rico;⁶⁷ (4) Lutricia Clay with primary regional focus in Harvey, Indiana and East Chicago, Illinois;⁶⁸ (5) Shannon Sheehan as a “Senior Master Agent” with primary regional focus in Kentucky, Ohio, Wisconsin, and South Carolina;⁶⁹ and (5) Hakim McLawrence with primary regional focus in Dayton, Ohio.⁷⁰ Harvey, Sowell, Menda, Clay, McLawrence, and Sheehan continued to serve as agents for American Broadband until at least September 2016.⁷¹

C. American Broadband Admitted that it Received Overpayments from the Fund

23. American Broadband stated that it began a review of its subscriber lists in early June 2016, after Jeffrey Ansted read letters from then-Commissioner Pai (Pai) to USAC that detailed what Pai characterized as fraud and abuse in the Lifeline program.⁷² American Broadband stated that, as a result of its internal investigation, the Company engaged Murphy Consulting (Murphy) on or about June 9, 2016 to analyze the Company’s “360,000+ [L]ifeline customers.”⁷³ Beginning on June 15, 2016, Jeffrey Ansted and Murphy communicated concerning the creation of a software program to help detect duplicate Lifeline subscribers within American Broadband’s subscriber database.⁷⁴ Subsequently, beginning on August 5, 2016,⁷⁵ Jarvis also communicated with Murphy to analyze the Company’s subscriber data related to issues later reported by American Broadband to the Commission.⁷⁶

⁶⁶ Letter from Mike Ansted, American Broadband, to Raymond Sowell (Mar. 7, 2016) at ABT-OIG02052436.

⁶⁷ Menda Agreement.

⁶⁸ Letter signed by Mike Ansted, American Broadband, and Lutricia Clay (Jan. 26, 2016) (providing that in order to remain an “Active Agent,” Clay “”) at ABT-OIG02151775 (Clay Agreement).

⁶⁹ Sheehan Agreement.

⁷⁰ McLawrence Agreement.

⁷¹ E-mail from Adam Jarvis, American Broadband, to Mike Ansted, et al., American Broadband (Oct. 28, 2016, 11:49 a.m.) at ABT-OIG00193067. See Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to Eric Phelps, FCC (July 12, 2018) (Agent Terminations Attachment) at ABT-OIG02187797.

⁷² May 25 LOI Response at 18 (stating that it decided to conduct a proactive check of its subscriber lists).

⁷³ *Id.* American Broadband indicated that Murphy provided its initial results of its comparison in early August 2016. See E-mail from Jeffrey Ansted, CEO, American Broadband, to Murphy Software Consulting, Inc. (June 9, 2016, 11:33 a.m.).

⁷⁴ See, e.g., E-mail from Murphy Consulting to Jeffrey Ansted, CEO, American Broadband (Jun. 15, 2016, 3:53 p.m.); E-mail from Jeffrey Ansted, CEO, American Broadband, to Murphy Software Consulting, Inc. (July 8, 2016, 5:34 p.m.); E-mail from Murphy Software Consulting, Inc. to Jeffrey Ansted, CEO, American Broadband (Dec. 19, 2016, 2:55 p.m.).

⁷⁵ See, e.g., E-mail from Adam Jarvis, Director of Wireless Operations, American Broadband, to Murphy Software Consulting, Inc. (Aug. 5, 2016, 10:52 a.m.); E-mail from Adam Jarvis, Director of Wireless Operations, American Broadband, to Murphy Software Consulting, Inc. (Aug. 8, 2016, 2:09 p.m.); E-mail from Murphy Software Consulting, Inc. to Adam Jarvis, Director of Wireless Operations, American Broadband (Aug. 9, 2016, 7:58 p.m.); E-mail from Adam Jarvis, Director of Wireless Operations, American Broadband, to Murphy Software Consulting, Inc. (Aug. 24, 2016, 10:39 a.m.); E-mail from Adam Jarvis, Director of Wireless Operations, American Broadband, to Patricia Murphy Mello, MSCI Murphy Software Consulting, Inc. (Aug. 24, 2016, 11:06 a.m.); E-mail from Murphy Software Consulting, Inc., to Adam Jarvis, Director of Wireless Operations, American Broadband (Aug. 24, 2016, 1:12 p.m.); E-mail from Adam Jarvis, Director of Wireless Operations, American Broadband, to Murphy Software Consulting, Inc. (Aug. 24, 2016, 4:22 p.m.); E-mail from Adam Jarvis, Director of Wireless Operations, American Broadband, to Murphy Software Consulting, Inc. (Aug. 29, 2016, 11:20 a.m.).

⁷⁶ American Broadband stated that it provided Murphy with Excel spreadsheets containing the entire history of benefit transfers from NLAD for each state, as well as the subscriber disconnect dates in the Company’s database, (continued)

24. On August 17, 2016, the Commission's Office of the Inspector General (OIG) issued a subpoena to American Broadband.⁷⁷ On August 26, 2016, American Broadband notified the Commission's Wireline Competition Bureau (WCB) that it had identified three issues that caused it to receive overpayments from the Fund.⁷⁸

25. Based on records obtained from BeQuick, on August 29, 2016, American Broadband contacted BeQuick, seeking assistance with an immediate de-enrollment of certain Lifeline subscribers.⁷⁹ BeQuick is a third-party software vendor and American Broadband used BeQuick's Fusion Software (Fusion) to maintain the Company's Lifeline subscriber accounts. The Company instructed BeQuick to conduct an automated de-enrollment of approximately 130,000 subscribers from its Lifeline program.⁸⁰ BeQuick performed the automated de-enrollment of the subscribers on August 31, 2016.⁸¹

26. By letter dated September 16, 2016 (Sept. 16 Letter), American Broadband explained to WCB that during "a recent internal compliance review," it had "recently detected issues" related to (1) removal of subscribers who had benefits transferred to other Lifeline services providers from the Company's subscriber lists (benefit transfers issue); (2) "removal of subscribers who were terminated for non-usage from the Company's subscriber list" (non-usage issue); and (3) removal of subscribers subject to "certain process and processing issues from the Company's subscriber lists" (process and processing issue) (hereinafter, collectively, Admissions).⁸² American Broadband explained, that as a result of these issues, it owed to the Fund \$13,900,141.50.⁸³

27. In its Sept. 16 Letter, American Broadband sought approval for a repayment plan that included: (1) a lump-sum payment for "amounts associated with revisions outside the standard twelve month revision window," (2) reduced disbursements from the Fund for 12 months, and (3) deferring "to subsequent months any amounts that exceed 42.5% of disbursements for a given month."⁸⁴ American Broadband stated that its proposed repayment plan "is contingent on its funding not being withheld."⁸⁵ It stated, "in addition to the process and procedures that the Company already had in place," it had

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which Murphy Consulting used to calculate how many months benefit transfer subscribers had been erroneously claimed. American Broadband stated that it provided Murphy with Excel spreadsheets containing subscribers' usage data, including subscribers' last usage dates, which Murphy used to calculate how many months non-usage subscribers were claimed erroneously. It stated that Murphy conducted a comparative analysis of the phone numbers in American Broadband's database against the phone numbers active under the Company's SACs in NLAD and from this analysis, Murphy determined the categories of subscribers that should not have been claimed on American Broadband's Forms 497. May 25 LOI Response at 17. American Broadband used the analyses conducted by Murphy Consulting to calculate the months that it erroneously claimed subscribers and the resulting overpayment amount.

⁷⁷ The Office of Inspector General has been conducting a separate but parallel investigation of American Broadband. To reduce the burden of investigation on the Company, information was shared between the OIG and EB when possible.

⁷⁸ See Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to Ryan Palmer, Telecommunications Access Policy Division, FCC (Sept. 16, 2016) (referencing the August 26, 2016 conversation) (Sept. 16 Letter).

⁷⁹ E-mail from Adam Jarvis, American Broadband, to Annie Mena, BeQuick Software (Aug. 29, 2016).

⁸⁰ *Id.*

⁸¹ E-mail from Annie Mena, BeQuick Software, to Adam Jarvis, American Broadband (Aug. 30, 2016).

⁸² Sept. 16 Letter at 1.

⁸³ *Id.* at Attachment.

⁸⁴ *Id.* at 2.

⁸⁵ *Id.*

“implemented process changes to prevent a recurrence of such issues.”⁸⁶ It maintained that on its August 2016 Form 497, it had removed all subscribers “associated with the relevant issues.”⁸⁷

28. By letter dated September 23, 2016, American Broadband provided additional details to WCB concerning the three issues (benefit transfers, non-usage, and process/processing) which had caused the Company to receive overpayments from the Fund.⁸⁸ First, with respect to benefit transfers, American Broadband indicated that, “the Company had long operated based on the understanding that benefit transfers were removed automatically by its . . . vendor (BeQuick) from its subscriber lists,”⁸⁹ but it “subsequently learned that this was not the case.”⁹⁰ To resolve this issue, American Broadband stated that “process changes have been adopted that require daily review of NLAD benefit port notices” and it had removed the associated subscribers from the Company’s active subscriber list.⁹¹

29. Second, with respect to removal of subscribers who should have been terminated for non-usage from the Company’s subscriber lists, American Broadband stated that it resolved with BeQuick that, for usage monitoring, the vendor would not consider voice mail to qualify as usage.⁹² American Broadband also stated that “[a]dditional process changes include daily review to ensure subscribers who were terminated for non-usage are removed and supervisor review of the process.”⁹³

30. Third, the Company detailed nine sub-issues relating to its failure to remove other ineligible subscribers from its Lifeline reimbursement claims and corrective action it took to resolve each issue.⁹⁴ American Broadband described the following nine sub-categories of what it described as process and processing issues: (1) process issues related to TPIV, (2) duplicative enrollments, (3) completion of orders by its OSS vendor of orders for subscribers subject to the 60 day benefit transfer holds with other ETCs, (4) duplicative MDN⁹⁵ errors, (5) a flaw in its “OSS which added a backslash to a subscriber’s name when an apostrophe is included,” (6) a flaw in the OSS which “would cause the system to

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ Letter from Kelley Drye & Warren LLP, Counsel for American Broadband & Telecommunications Company, to Ryan Palmer, Telecommunications Access Policy Division, FCC (dated Sept. 23, 2016) (Sept. 23 Letter).

⁸⁹ *Id.* at 1. With respect to BeQuick, American Broadband stated:

BeQuick began providing operations support system (OSS) services to it in or about 2004 . . . BeQuick’s software stored the data for all American Broadband Lifeline subscribers, enrolled Lifeline subscribers in NLAD on behalf of American Broadband, and provided services over the life of that subscriber, including usage tracking and sending recertification and non-usage messages to subscribers. American Broadband used the data contained in BeQuick’s system to complete its compliance filings, such as its FCC Form 497s, via BeQuick’s “Lifeline Compliance” reports. Beginning in or about May 2016, American Broadband used BeQuick software to conduct real-time review of subscriber eligibility documents. May 25 LOI Response at 15.

⁹⁰ Sept. 23 Letter at 2 (providing, “[a]s a result of these changes, subscribers who have transferred their Lifeline benefits to another ETC prior to the first of the month will not be included on Form 497 disbursement filings for the prior month.”).

⁹¹ *Id.* See *supra* para. 7.

⁹² *Id.* American Broadband explained that the “trouble ticket” with BeQuick “was successfully closed and the automated vendor-supported mechanism for tracking and de-enrolling for non-usage has been restored.” *Id.* American Broadband stated that additional process changes “include daily review to ensure subscribers who were terminated for non-usage are removed and supervisor review of the process.” *Id.*

⁹³ *Id.* at 2.

⁹⁴ Sept. 23 Letter at 2-4.

⁹⁵ MDN stands for Mobile Directory Number.

intermittently fail to recognize that an IEH (Independent Economic Household Worksheet) form was needed while allowing the order to complete without one,” (7) a flaw in the OSS “which would allow an order to complete notwithstanding a delay between the time of NLAD checking and order completion,” (8) a flaw in the OSS which would allow an order to complete based on an initial NLAD response identifying the customer as a benefit transfer notwithstanding ultimate failure to enroll because the subscriber did not exist in NLAD, and (9) a flaw in the OSS “which would allow an order to complete notwithstanding ultimate failure to enroll because the enrollment request had timed out within NLAD.”⁹⁶ American Broadband described process changes it had implemented to address each issue.⁹⁷

31. By letter dated December 21, 2016, USAC requested further information, along with a demand for repayment of the improperly disbursed Lifeline support.⁹⁸ Among other things, USAC asked American Broadband to provide a full accounting of how it concluded that it has received an estimated \$13.9 million overpayment.⁹⁹ USAC informed the Company that beginning with its January 2017 filing, it must provide Subscriber Lists for each Form 497.¹⁰⁰

32. American Broadband responded to USAC on January 19, 2017.¹⁰¹ American Broadband stated that it had contacted a software consulting company to assist with the data analysis to determine the exact amount of the overpayment. The Company stated that: 1) to find subscribers that had benefit-transferred from American Broadband, it downloaded the entire history of benefit transfers from NLAD and compared the subscriber disconnect dates in its database with the date listed in NLAD as the transfer out date, and 2) the software consulting company analyzed data on the subscriber’s last usage date to compare with the subscribers disconnect date in America Broadband’s database to help calculate how many months a subscriber had been erroneously claimed.¹⁰² American Broadband indicated that it had determined that its initial reported overpayment should be downwardly revised, and the Company claimed that the correct amount owed to the Fund was \$13,652,204.50.¹⁰³

33. On March 16, 2017, counsel for American Broadband represented to USAC that “[t]here were no erroneous claims made for August or September [2016] as the company had made changes to its systems and internal processes to all for manual checks and reviews of the data on an ongoing basis while all technical solutions were being worked out.”¹⁰⁴

34. Subsequently, American Broadband stated that it asked an independent, third-party auditor, Gilmore Jason Mahler (Gilmore), an Ohio accounting company, to review its assessment of

⁹⁶ Sept. 23 Letter at 2-4.

⁹⁷ *Id.*

⁹⁸ Letter from Michelle Garber, Vice President, Lifeline Division, USAC, to Jeffrey S. Ansted, President, American Broadband (Dec. 21, 2016) (Demand Letter).

⁹⁹ *Id.* at 2.

¹⁰⁰ *Id.*

¹⁰¹ Letter from John Heitmann, Kelley Drye & Warren LLP, Counsel for American Broadband, to Michelle Garber, Vice President, USAC (Jan. 19, 2017) (Jan. 19 USAC Response).

¹⁰² *Id.* at 4.

¹⁰³ *Id.* at 6 (explaining that “due to an initial data entry error,” its original calculation included “a surplus amount of \$70,047.50” and “out of abundance of caution,” it had included subscribers “that were later assessed to be valid subscribers in the amount of \$177,748”).

¹⁰⁴ E-mail from John Heitmann, Kelley Drye & Warren LLP, Counsel for American Broadband, to Michelle Garber, Vice President, Lifeline Division, USAC (Mar. 26, 2017, 7:04 p.m.).

subscribers.¹⁰⁵ American Broadband stated that, after May 5, 2017, it directed Gilmore to conduct a more thorough review of all subscriber records and claims from the April 2014 through July 2016.

III. THE COMMISSION'S INVESTIGATION

35. On April 25, 2017, the Enforcement Bureau (Bureau) sent a LOI to American Broadband, initiating an investigation into whether American Broadband violated any of the Commission's rules governing the Lifeline program.¹⁰⁶ Among other things, the Bureau sought information on (1) the Company, (2) its admissions regarding overpayments from the Fund, (3) its policies and procedures related to the Lifeline program, and (4) its compliance with the Commission's rules governing the Lifeline program.¹⁰⁷ Additionally, the Bureau requested the Subscriber Lists for each Form 497 for the period January 1, 2014 through December 31, 2016.¹⁰⁸

36. As discussed in detail below and based on the evidence developed in this case, American Broadband apparently violated several provisions of the Commission's rules when it: (1) created ineligible Lifeline accounts, (2) failed to de-enroll ineligible Lifeline subscribers, and (3) filed Forms 497 repeatedly, improperly seeking Lifeline support. American Broadband's president repeatedly, improperly certified that the Company was in compliance with the Commission's rules governing the Lifeline program.

A. American Broadband had Problems with its Lifeline Enrollments

37. In its Admissions, American Broadband indicated that it had discovered some "process and processing issues."¹⁰⁹ Among other things, within this subcategory of issues, the Company listed issues related to: (1) TPIV, (2) duplicate enrollments, (3) backslashes added to subscribers' names, and (4) the completion of orders for individuals that did not exist in NLAD.¹¹⁰ Based on American Broadband's description of its "process and processing issues," the Company apparently had problems

¹⁰⁵ May 25 LOI Response at 19.

¹⁰⁶ See LOI (providing "[t]his LOI constitutes an order of the Commission to produce the documents requested herein").

¹⁰⁷ *Id.*

¹⁰⁸ LOI at 6. American Broadband originally produced Subscriber Lists to the Commission on July 17, 2017 and provided a supplemental production on November 21, 2017. The Bureau later sought clarification from American Broadband on which Subscriber Lists corresponded with certain original or revised Forms 497. See, e.g., E-mail from Dangkhua Nguyen, Enforcement Bureau, FCC, to John Heitmann, Counsel for American Broadband, Kelley Drye Warren LLP (Feb. 12, 2018, 12:32 p.m.); E-mail from Dangkhua Nguyen, Enforcement Bureau, FCC, to John Heitmann, Counsel for American Broadband, Kelley Drye Warren LLP (Feb. 23, 2018, 2:17 p.m.). See E-mail from John Heitmann, Kelley Drye Warren LLP, Counsel for American Broadband, to Dangkhua Nguyen, Enforcement Bureau, FCC (Feb. 28, 2018, 2:13 p.m.). On March 9, 2018, American Broadband identified (by date and Bates number) which Subscriber Lists were relevant to the Forms 497 (original or revised). See Letter from John Heitmann, Counsel for American Broadband, Kelley Drye Warren LLP, to Dangkhua Nguyen, Enforcement Bureau, FCC (Mar. 9, 2018). On April 13, 2018, American Broadband provided additional information relating to a November 2016 Form 497 revision for data month August 2016. See E-mail from John Heitmann, Counsel for American Broadband, Kelley Drye Warren LLP, to Dangkhua Nguyen, Enforcement Bureau, FCC (Apr. 13, 2018).

We note that for certain data months, the Company provided only a list of phone numbers within a particular state; such information is insufficient to constitute a Subscriber List. See 47 CFR § 54.404(b)(6). Thus, when such a list was provided and necessary for analysis, the Bureau relied on the filing for the data month which contained the requisite subscriber information. In these instances, therefore, the Bureau relied on the original filing, despite the fact that the Company indicated that it had filed a Form 497 revision. As indicated by the above-referenced communications from the Company, American Broadband had many opportunities to submit the relevant data.

¹⁰⁹ Sept. 23 Letter at 1.

¹¹⁰ *Id.* See *supra* para. 30.

with enrolling ineligible subscribers into the Lifeline program. Despite the Company's claims that BeQuick was responsible for many of its enrollment issues, American Broadband apparently hired and retained agents who engaged in conduct designed to bypass Lifeline rules and procedures. Additionally, as discussed in detail below, even after American Broadband had knowledge that certain of its Lifeline enrollments were improper, Jeffrey Ansted repeatedly certified the Company's compliance with the Commission's rules and the Company continued to seek Lifeline support for those enrollments.

38. In its 2012 Compliance Plan, American Broadband stated to the Commission:

To safeguard against misuse of the Lifeline service plan, American Broadband will deal directly with the customer and collect initial and annual certifications . . . American Broadband will establish safeguards to prohibit more than one supported service for each household. . . . American Broadband will certify at the outset and will verify annually consumers' Lifeline eligibility in accordance with the Commission's requirements. American Broadband will enact the same stringent requirements of annual re-certification that it currently uses with its wireline Lifeline service offering. American Broadband will implement certification procedures that enable consumers to demonstrate their eligibility for Lifeline assistance by contacting American Broadband. . . . American Broadband understands and accepts the Commission's requirement that the Company have direct contact with all customers applying for participation in the Lifeline program . . . Processing of consumers' applications, including review of all application forms and relevant documentation will be performed under American Broadband's supervision by managers experienced in the administration of the Lifeline program. American Broadband will ensure that all required documentation is taken care of properly by using state-specific compliance checklists.¹¹¹

Thus, among other things, American Broadband committed that managers experienced in the Lifeline program would review its Lifeline applications and other relevant documentation.

39. On August 1, 2014, the Company's Director of Wireless Operation and the director of Sales and Marketing discussed a new position—"wireless operations analyst."¹¹² Based on the job description, the wireless operations analyst would be responsible for "daily audits of processed orders to ensure [American Broadband] remains compliant . . . verifying inbound orders from agents/subagents . . . process benefit transfers" and making "necessary database updates for active customers."¹¹³ It is unclear whether American Broadband filled that particular position, however; by December 2015, Colleen Smith, a wireless operations technician, already employed within the Company, began reviewing inbound orders from agents/subagents;¹¹⁴ she e-mailed to American Broadband management "Daily Agent Audits" and/or reports of issues spotted relating to new enrollments.¹¹⁵ Based on evidence developed in this case, from at least January 2016 through July 2016, Smith served as the primary reviewer of American Broadband's Lifeline enrollment applications; her review consisted mainly of reviewing individual applications and identification documents. With respect to its commitments to compliance, as stated in its Compliance Plan, American Broadband's managers apparently did not consistently or thoroughly review the

¹¹¹ American Broadband & Telecommunications Revised Compliance, WC Docket Nos. 09-197 and 11-42 (Apr. 27, 2012) at p.5-7 (Compliance Plan).

¹¹² E-mail from Adam Jarvis, Director of Wireless Operations, American Broadband, to Rob Enos, Director of Sales and Marketing, American Broadband (Aug. 1, 2014, 9:37 a.m.) at ABT-OIG02061921, ABT-OIG02061922 (Attachment, "Wireless Operations Analyst" Job Description).

¹¹³ *Id.*

¹¹⁴ See E-mail from Colleen Smith, Wireless Operations Technician, American Broadband, to Adam Jarvis, American Broadband (Dec. 17, 2015) at ABT-OIG01298871.

¹¹⁵ *Id.*

applications, consumer identifications, or program eligibility documentations for its Lifeline enrollments, as required by the Commission's rules.¹¹⁶

40. On January 25, 2016, Smith sent an e-mail with an attachment entitled: "Potential fraudulent accounts" to the Company's Director of Wireless Operations.¹¹⁷ In the e-mail, Smith wrote: "[a]ttached is a list of accounts in Michigan that I believe to be attempts to bypass duplicate SAC errors and/or attempts to inflate the agent's numbers."¹¹⁸ Smith detailed, "[t]he various methods used include . . . adding one or two middle initials to the end of a first name . . . adding a generational suffix . . . [Jr/Sr OR I/II] . . . adding an honorific to the beginning of a first name . . . [Ms/Mrs/Mr]," and "[a]dding 'Lee' to the end of a first name."¹¹⁹ Smith also indicated, "[s]ome of the customers have had multiple tricks used on their various accounts."¹²⁰

41. On February 22, 2016, Smith sent an e-mail to Jarvis with the subject line "Shady Practices," in which she discussed agents using "various methods . . . to skirt the system and submit accounts that should not go through."¹²¹ She indicated that, among other things, agents were "adding one or two middle initials to the end of a first name" where, "these are rarely if ever related to the customer's actual middle name," and "adding a full middle name to the end of a first name."¹²² Additionally, she noted, "I've noticed an agent using several different tricks one after the other . . . leading to 2-4 brand new accounts for one person."¹²³

42. At some point in 2016, Smith became the Company's compliance manager.¹²⁴ Smith communicated with members of the Company's management team concerning the Company's Lifeline enrollments, including the agents' practices until at least November 2016.¹²⁵

1. American Broadband's Agents Apparently Engaged in Conduct Designed to Create Improper Lifeline Enrollments

43. As discussed below, Smith notified American Broadband of issues related to specific master agents and their subagents. Smith noted, among other things, that agents apparently: (1) manipulated names, dates of birth (DoB), and social security numbers (SSN); (2) enrolled "too many" customers at certain addresses; (3) reused program eligible documents to enroll multiple individuals; and (4) enrolled deceased individuals.

¹¹⁶ See Appendix D.

¹¹⁷ E-mail from Colleen Smith, Wireless Operations Technician, American Broadband, to Adam Jarvis, American Broadband (Jan. 25, 2016, 4:12 p.m.) at ABT-OIG00123323.

¹¹⁸ *Id.*

¹¹⁹ *Id.* (brackets in original).

¹²⁰ *Id.*

¹²¹ E-mail from Colleen Smith, Wireless Operations Technician, American Broadband, to Adam Jarvis, American Broadband (Feb. 22, 2016, 12:25 p.m.) at ABT-OIG00123322.

¹²² *Id.*

¹²³ *Id.*

¹²⁴ E-mail from Mike Ansted, American Broadband, to Colleen Smith, Compliance Manager, American Broadband (Oct. 3, 2016, 9:07 am) (requesting that Smith indicate her regular duties) at (ABT-OIG01300227). E-mail from Colleen Smith, Compliance Manager, American Broadband, to Mike Ansted, American Broadband (Oct. 3, 2016, 11:08 a.m.) (replying, "Daily Reports . . . Agents Investigations . . . Live Audits") at ABT-OIG01300226. As compliance manager, Smith supervised a team. *Id.*; see ABT-OIG0000002 (Employee List).

¹²⁵ See, e.g., E-mail from Colleen Smith, Compliance Manager, American Broadband, to Mike Ansted, American Broadband (Nov. 28, 2016, 11:31 a.m.) at ABT-OIG01300796.

a. Agents Created Duplicate Lifeline Accounts by Manipulating Names, DoBs, and SSNs

44. On December 17, 2015, Smith sent an e-mail to Jarvis with the subject line “Shady Accounts Investigation.”¹²⁶ Smith detailed: “[A]ttached is a list of accounts where ‘I’ has been tacked on to the end of the first or last name with probable intent to get around a duplicate SAC error.”¹²⁷ In the attachment to the e-mail, Smith listed 34 pairs of accounts numbers, in which the identification information for a single customer had been used to create an account, then altered to create a second account, resulting in the creation of two Lifeline accounts.¹²⁸ As an example, with respect to one pair of accounts, Smith indicated that both accounts were in NLAD—“1st TPIV bypassed, same DOB diff. SSNs.”¹²⁹ In each instance, Smith indicated that the agent responsible for the second account worked for a J&A Wireless store, i.e., master agent Saher.¹³⁰

45. On February 19, 2016, Smith wrote, “[l]ooked at all of Saher’s accounts, ~33% had added suffixes or full middle names.”¹³¹ Smith wrote that a couple of the accounts listed “Lee” as the middle names.¹³² Smith indicated, however, that she “was able to double check against the customer’s drivers [*sic*] license on the ones where a license was available, and ‘Lee’ is nowhere in their real name.”¹³³ In the same e-mail, Smith also wrote that an agent of master agent McLawrence had “added both a prefix and a suffix to a couple of accounts.”¹³⁴

46. In the “Daily Agent Audit” for March 8, 2016, Smith notified Jarvis that approximately “17% of Saher’s accounts are duplicates.”¹³⁵ Referencing two different retail stores of master agent Saher, Smith indicated that, “11/17 . . . accounts have added suffixes” and “19/19 . . . accounts have additions or are doubles.”¹³⁶ She cited variation of names including, C W , B H , A H , F H , S M , A B , N E , W M , C K , and M A S .¹³⁷

¹²⁶ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, American Broadband (Dec. 17, 2015, 11:35 a.m.) at ABT-OIG01298871.

¹²⁷ *Id.* (providing also, “I included several notes which I thought might be relevant/helpful”).

¹²⁸ *Id.* at “Shady Accounts Investigation” Attachment at ABT-OIG01298872.

¹²⁹ *Id.*

¹³⁰ *Id.*

¹³¹ E-mail from Colleen Smith, Wireless Operations Technician, American Broadband to Mike Ansted, American Broadband (Feb. 19, 2016, 9:06 a.m.) at ABT-OIG01298891.

¹³² *Id.*

¹³³ *Id.*

¹³⁴ *Id.*

¹³⁵ E-mail from Colleen Smith, American Broadband to Mike Ansted and Rob Enos, American Broadband (Mar. 8, 2016, 9:25 a.m.) at ABT-OIG00528811.

¹³⁶ *Id.*

¹³⁷ *Id.* The Bureau examined the Company’s Subscriber Lists corresponding to its Forms 497 for data months July 2016 and August 2016 and determined that many of the same accounts that Smith had identified in the March 2016 e-mail were also included on these Subscriber Lists. *See* American Broadband Subscriber Lists, March 2016 (ABT-OIG00152137), July 2016 (ABT-OIG00152130), and August 2016 (ABT-OIG00529405). For example, on its data month July 2016 Subscriber List, the Company sought Lifeline support for: three different A B (all with the same four digits of the SSN and similar, or the same DoB), four different F H (all with the same DoB and last four digits of the SSN), and seven C W . On the Subscriber List for the Company’s August 2016 Form 497, the Company included six sets (14 accounts) of enrollments for the accounts identified in Smith’s March 2016 e-mail (specifically, B , H , H , K , M , and M).

47. In the same March 8, 2016 e-mail, Smith noted, for “14/29” accounts enrolled by an agent of master agent Harvey, the agent used “the same first name, with different surnames/addresses/DOBs/SSNs.”¹³⁸ She also alerted M. Ansted and Enos that with respect to accounts created by a subagent of master agent Harvey, “20/29 of the accounts have a ’59 DOB.”¹³⁹

48. On March 23, 2016, M. Ansted sent an e-mail to Jeffrey Ansted with the subject line “2 Week Audit Results,” attaching an Excel file with two worksheets that he and Smith had prepared, detailing the recent Lifeline enrollments.¹⁴⁰ In the file, M. Ansted and Smith reviewed the enrollments of 11 master agents including master agents Jones, McLawrence, Harvey, Clay, Sowell, Dadou, and Sheehan.¹⁴¹ According to the file, in less than three hours, one subagent of master agent Jones created 15 enrollments for customers all born in either 1946, 1947 or 1948, and other subagents added suffixes and backslashes to names.¹⁴² Two subagents of master agent Harvey enrolled 21 different customers who all had “ ” as the last four digits of their SSN.¹⁴³ Subagents of master agents Clay and Dadou added suffixes to names, or otherwise made minor changes to names to enroll the same customer more than once.¹⁴⁴ According to the file, subagents of master agent Sheehan added suffixes to names. Subagents of master agents, including Sheehan and McLawrence, listed “0000-00-00” as a DoB.¹⁴⁵ A subagent of master agent McLawrence apparently changed the day of birth (not the month or year) to enroll what appears to be the same person twice, as well as changed several letters in a first name to enroll the same individual twice. That same agent also enrolled himself at least twice, as well as, different variations of other customers with the same surname.¹⁴⁶

49. The second worksheet in the file contained analysis of the March Two-Week Enrollment Audit. According to data contained in the file: (1) 19 percent of master agent Jones orders were “fraudulent,” (2) 40 percent of master agent Dadou’s orders were “fraudulent,” and (3) 11 percent of the total orders placed in the two-week period were “fraudulent.”¹⁴⁷

50. On March 31, 2016, Smith indicated that one subagent of master agent Jones, “has 3 sets of names with the same surname one after the other, which wouldn’t necessarily be suspicious . . . but . . . I’ve seen this from this agent before.”¹⁴⁸ In the same e-mail, Smith indicated that an agent of master agent

¹³⁸ E-mail from Colleen Smith, American Broadband, to Mike Ansted and Rob Enos, American Broadband (Mar. 8, 2016, 9:25 a.m.) at ABT-OIG00528811 (listing Scott, Jerome, and Fred as names that appeared multiple times).

¹³⁹ *Id.*

¹⁴⁰ E-mail from Mike Ansted, American Broadband, to Jeffrey Ansted, American Broadband (Mar. 23, 2016, 2:09 p.m.) at ABT-OIG00057088, and Attachment at ABT-OIG00057089 (March Two-Week Enrollment Audit).

¹⁴¹ *Id.*

¹⁴² *Id.*

¹⁴³ *Id.*

¹⁴⁴ *Id.*

¹⁴⁵ *Id.*

¹⁴⁶ *Id.* See also E-mail from Mike Ansted, American Broadband, to Adam Jarvis, American Broadband, cc’ing Hakim McLawrence and Colleen Smith (Mar. 21, 2016, 9:58 a.m.) at ABT-0161297773 (indicating that American Broadband was turning off the login for subagent because two of his accounts “have the same name, different address/SSN/DOB . . . so that makes at least 4 accounts for this one same person,” and “the account has the same surname as the subagent”).

¹⁴⁷ March Two-Week Enrollment Audit at Attachment.

¹⁴⁸ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, Rob Enos, and Mike Ansted, American Broadband (Mar. 31, 2016 1:26 p.m.) at ABT-OIG00122947.

Menda “has a bunch of accounts that look like they grabbed names from the phonebook.”¹⁴⁹ On the same day, Smith sent Jarvis an e-mail with an attachment titled “Shadiness 3-30-16,” in which, she highlighted names “grabbed . . . from the phonebook.”¹⁵⁰

51. In July 2016, Smith wrote to M. Ansted concerning accounts of master agent Sheehan.¹⁵¹ Smith indicated that four subagents of Sheehan had “added apostrophes to a large number of accounts” and “[i]t is clear that due to the large number of affected accounts, in addition to when the apostrophes are usually added, that this is being done as an attempt to bypass TPIV failures.”¹⁵²

(i) Customer S M —Illustrative Example

52. During this Investigation, the Bureau discovered an example which illustrates how agents, as described by Smith, used several types of manipulation to create multiple Lifeline enrollments.¹⁵³ For the following example, the Bureau examined American Broadband’s Form 497 Subscriber Lists for data months May 2015 - December 2016, as well as NLAD data for the relevant months.

53. In May 2015, an American Broadband agent enrolled a customer named S M . In August 2015, an agent enrolled a second S M , listing the last name as “M ms.” On its August 2016 Subscriber List, the Company listed two different addresses, but the same DoB and last four digits of the SSN for the two customers.

54. According to its data month November 2015 Subscriber List, American Broadband sought support for five customers with the name S M . Four of the five S M had either jr, mr, mrs, or ms included as part of the last name. Each of the five S M accounts listed September 1992 as the DoB and had the same last four digits of the SSN, but four different addresses were used.

55. On its data month Subscriber List for December 2015, the Company sought support for nine different customers with the name S M , all of which listed September 1992 as the DoB and had the same last four digits of the SSN. The addresses listed for the nine S M included four variations of an address on Timberlane Street and several other street names. In the accounts, there were several variations of the name S M , including “sr” added to the last name, the middle initial “n” inserted after the first name of three customers, and one full middle name (N) listed as part of the first name.

56. On its January 2016 Form 497 Subscriber List, the Company sought support for 15 different customers with the name S M . Each of the 15 listed S M had the same last four digits of the SSN and were born on various days in September 1992. The addresses listed for these 15 customers included three different cities and at least seven different street names. With respect to these 15 customers, the Company sought support for multiple variations of the name “S M ” including: “m jr,” “m ms,” and “S N .”

¹⁴⁹ *Id.* (citing, “two Jose V in a row, Juan, Julian, Justo R ; Maria, Marina, Marjorie, Martin, Olivo, Raul, Reynaldo . . .”).

¹⁵⁰ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, American Broadband (Mar. 31, 2016, 3:44 p.m.) at ABT-OIG00122935 and Attachment at ABT-OIG00122936. See E-mail from Colleen Smith, American Broadband, to Adam Jarvis, Rob Enos, and Mike Ansted, American Broadband (Mar. 31, 2016 1:26 p.m.) at ABT-OIG00122947.

¹⁵¹ E-mail from Colleen Smith, American Broadband, to Mike Ansted, American Broadband (Jul. 18, 2016, 11:33 a.m.) at ABT-OIG00114703.

¹⁵² *Id.*

¹⁵³ See Appendix B.

57. According to the Company's Subscriber List corresponding with its data month March 2016 Form 497, the Company sought Lifeline support for 20 different customers with the name S M . These 20 customers lived in three different cities in Michigan and all had the same last four digits of SSN. Each of the 20 S M were born in September 1992, but had a day of birth of either the 5th, 20th, 23rd, 24th, 25th, or 26th of the month. Additionally, 15 out of 20 of the S M listed on the Company's March 2016 Subscriber List had either a suffix, prefix, initial, or full middle name included in the first and/or middle name.

58. On its Subscriber List corresponding with its April 2016 Form 497, the Company sought support for only five customers with the name of S M . But, in July, the Company sought support for eight S M , again all of which had the same last four digits of the SSN and were born in September 1992. Each month, from August 2016 through November 2016, American Broadband claimed at least three customers with the name S M .

59. According to the relevant Subscriber List, in December 2016, the Company sought Lifeline support for just two customers with the name S M . Of note, the identifying information for these two accounts differed from that listed for the first S M on the Company's May 2015 Subscriber List. Both S M listed on the Company's December 2016 Subscriber List included a suffix with the last name ("jr" and "mr"), and one of the names included a full middle name as part of the first name (N). On its Subscriber List, the Company listed two different addresses for the two different customers with the name S M .

60. In total, from March 2015 through December 2016, American Broadband's agents enrolled at least 22 different customers in Michigan with the name S M . The Bureau attempted to review the subscriber data maintained by the Company for these 22 customers and was only able to locate full or partial records for 11 of the 22 customers with the name S M .¹⁵⁴ Most of the identifications were blurred and unreadable. Six of the 11 accounts included a copy of the driver's license of the same individual. With respect to two other accounts, the photo ID and SNAP card were identical. Two of the accounts were created on the same date, and the only difference between the data in the accounts was that the two were apparently born on two different days in September 1992. In at least three instances the DoB listed on the photo ID did not match that listed on the customers' eligibility certification documents.¹⁵⁵ All 11 customers were enrolled by subagents of master agent Saher Dadou.

(ii) Agents Created Duplicate Accounts with the Manipulation of Personal Identifying Information

61. As demonstrated by the S M enrollments, by manipulating personal identifying information, American Broadband's agents created duplicative Lifeline accounts. The Bureau examined Subscriber Lists relevant to the Company's Forms 497 for data months August 2016 through December 2016.¹⁵⁶

¹⁵⁴ A full file would include an identification, a Household Worksheet, and proof of income/program eligibility (for subscribers enrolled after the effective date of the eligibility document retention requirements). See 47 CFR §§ 54.410(a), (b). Effective February 17, 2016, the Commission's rules to require ETCs to retain subscriber eligibility documents. See 47 CFR §§ 54.404(b)(11), 54.410(b)(1)(ii), (c)(1)(ii) (2016).

¹⁵⁵ See 47 CFR §§ 54.410(a)(1), (2).

¹⁵⁶ The Bureau will provide to American Broadband information on the charged subscribers/accounts.

Table 1: Number of Duplicates Claimed on Subscriber Lists Supporting American Broadband's Form 497 Filings					
	Aug. 2016	Sept. 2016	Oct. 2016	Nov. 2016	Dec. 2016
Number of Duplicates	5,144	4,803	4,663	3,296	4,357

62. As indicated in Table 1, giving the Company credit for one valid customer within the apparent duplicates, in each month, from August 2016 through December 2016, American Broadband apparently sought and received Lifeline support for thousands of duplicates. Within these customer accounts, the Bureau observed: (1) exact match of name, address, last four digits of SSN, and date of birth; (2) prefixes (such as: Mr., Ms., Mrs., Dr.) added to first and/or last name; (3) suffixes (including, numbers, Jr., Sr., II) added to the first or last name; (4) full names and/or initials added to the first and/or last name; and (5) backslash added in or after names. Additionally, as demonstrated by the S M illustration, the Bureau found many instances in which multiple variations were applied to the information of a single individual.

63. In its September 16, 2016 letter to WCB, the Company maintained that “the Company’s August 2016 Form 497 filing already removes all of the subscribers associated with the issues identified.”¹⁵⁷ American Broadband also stated, “in addition to the processes and procedures that the Company already had in place, the Company has implemented process changes designed to prevent a recurrence of such issues.”¹⁵⁸ However, based on a review of the Company’s Forms 497 and corresponding Subscriber Lists, the Company failed to eliminate duplicates from its subscriber counts.

(a) Agents Apparently Manipulated Address Information

64. Smith informed members of American Broadband’s management team that certain agents had enrolled large numbers of customers at certain addresses. In the e-mails, she communicated that she had searched for information on these addresses.

65. On March 22, 2016, Smith e-mailed Jarvis and M. Ansted, writing “[s]omething pretty significant I came across . . . [l]ooked up all the relevant addresses and they’re all normal residential houses, not even apartments.”¹⁵⁹ Smith attached an Excel spreadsheet with customer information for 131 accounts.¹⁶⁰ According to data contained in the spreadsheet, the customers had enrolled in American Broadband’s Lifeline program from March 8-13, 2016.¹⁶¹

66. According to information in the attachment, 131 customers resided at only 8 residences located on five streets.¹⁶² As an example, for a single-family home on P Street, one agent enrolled more than 55 different individuals over the course of four days.¹⁶³

¹⁵⁷ Sept. 16 Letter at 2.

¹⁵⁸ *Id.*

¹⁵⁹ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, Rob Enos, and Mike Ansted, American Broadband (Mar. 22, 2016, 9:54 a.m.) at ABT-OIG00123062.

¹⁶⁰ “Address Fraud” Excel Spreadsheet, sent from Colleen Smith, American Broadband, to Adam Jarvis and Mike Ansted, American Broadband (Mar. 22, 2016, 9:54 a.m.) at ABT-OIG00123063.

¹⁶¹ *Id.*

¹⁶² *Id.* (listing 3 house numbers on M Street, 2 house numbers on L Street, as well as, one house each on G Street, P Street, and P Street).

67. Minutes after sending the first e-mail on March 22, 2016, Smith sent a second e-mail to Jarvis and M. Ansted, writing, “[s]ame thing as the last one, too many people assigned to one house.”¹⁶⁴ Again, Smith attached an Excel spreadsheet.¹⁶⁵ According to data contained in this spreadsheet, one agent enrolled 72 individuals at 12 homes.¹⁶⁶ Based on information in the spreadsheet, the agent used one home at C Street and 11 different homes, all on L Street.¹⁶⁷

68. Shortly after Smith’s second e-mail, M. Ansted sent an e-mail to Jarvis and master agent Jones, attaching the two Excel spreadsheets from Smith.¹⁶⁸ In his e-mail, M. Ansted instructed Jarvis to “immediately” delete the logins of the two subagents because “[t]hey used the same 2 or 3 address [sic] for over 200 orders.”¹⁶⁹ He also informed Jones, “I can’t pay you for these.”¹⁷⁰

69. In an e-mail dated March 31, 2016, Smith again indicated that two subagents of master agent Jones were using “N St, Detroit MI as an address on multiple accounts.”¹⁷¹ Smith indicated that “the street doesn’t even come up in Google Maps”¹⁷² and “there are 47 other accounts registered to this address.”¹⁷³

70. On April 27, 2016, Jarvis opened a ticket with BeQuick related to the Company’s concern of too many orders at a single address.¹⁷⁴ Jarvis wrote, “we would like a way to set the max number of orders that can be taken at the same address.”¹⁷⁵ He explained, “[w]e need this because we continue to end up with too many orders at the same address.”¹⁷⁶ In his message, Jarvis provided an example—“88 accounts at G St. Highland MI 48203.”¹⁷⁷

71. The Bureau reviewed the Company’s Subscriber Lists related to its Form 497 filings for data months July 2016 through December 2016 for addresses with large numbers of subscribers, including addresses that Smith had identified as having too many subscribers. Attempting to ascertain whether it was likely that a large number of individuals were residing at a particular address, the Bureau searched Zillow and Google Maps for information on the addresses. As depicted in Table 2 below, many

(Continued from previous page) _____

¹⁶³ *Id.*

¹⁶⁴ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, Rob Enos, and Mike Ansted, American Broadband (Mar. 22, 2016, 10:21 a.m.) at ABT-OIG00123057.

¹⁶⁵ “Address Fraud” Excel Worksheet, from Colleen Smith, American Broadband, to Adam Jarvis and Mike Ansted, American Broadband (Mar. 22, 2016, 10:21 a.m.) at ABT-OIG00123058.

¹⁶⁶ *Id.*

¹⁶⁷ *Id.*

¹⁶⁸ E-mail from Mike Ansted, American Broadband, to Adam Jarvis, American Broadband, and Brian Jones (Mar. 22, 2016, 10:49 a.m.) at ABT-OIG00120875. See Attachments at ABT-OIG00120876 and ABT-OIG00120884.

¹⁶⁹ *Id.*

¹⁷⁰ *Id.*

¹⁷¹ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, Rob Enos, and Mike Ansted, American Broadband (Mar. 31, 2016, 1:26 p.m.) at ABT-OIG00122947.

¹⁷² *Id.* Smith indicated, “there is a N Ave and a W N St, but both are in Highland Park” (not Detroit, as listed).

¹⁷³ *Id.* Smith also stated that one of the agents had also registered accounts at “N Street.”

¹⁷⁴ American Broadband BeQuick Ticket #5485 Max Orders at Address (Apr. 27, 2016).

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

of the addresses listed on the Company's Subscriber Lists are single family homes, not apartments, shelters or other multi-household dwelling units.¹⁷⁸

72. Also, American Broadband apparently sought Lifeline support for addresses that were not actually residences. For example, H Road appears to be a vacant lot. According to Google Maps, a Michigan Department of Health and Human Services office is located at Avenue, Highland Park, MI.¹⁷⁹

Table 2: Improper Lifeline Claims Reported on American Broadband's Subscriber Lists (Based on Manipulated Address Information in Michigan)									
Address Listed on Form 497 Subscriber List			Number of Subscribers Listed on the Subscriber List at the Address						
Address	City	Residence Description	Jul. 2016	Aug. 2016	Sep. 2016	Oct. 2016	Nov. 2016	Dec. 2016	
	Detroit	908 sq. ft. single family residence	33	11	8	5	5	5	
	Detroit	952 sq. ft. single family residence	28	15	10	7	6	5	
	Highland Park	2,090 sq. ft.; 3 bdrm, 1 bath single family res.	24	12	9	5	4	4	
	Detroit	856 sq. ft., 3 bdrm single family residence	45	25	22	18	14	12	
	Ypsilanti	vacant lot (Google Maps)	60	35	27	23	19	14	
	Detroit	in Hamtramck (Google); 938 sq. ft. single family	53	19	18	18	15	11	
	Detroit	in Hamtramck (Google); 989 sq. ft. single family	54	29	27	23	19	15	
	Detroit	In Hamtramck (Google); 1 of 3 condos; 2 bdrm, 1 bath	196	66	54	46	36	23	
	Hamtramck	in Detroit (Google); 1 of 3 condos, 1 bath unit	166	77	72	57	50	42	
	Pontiac	6bdrm, 2 bath single family residence	75	41	37	34	30	24	
	Detroit	2,044 sq. ft.; 2.5 bath single family	21	9	6	4	2	3	
	Detroit	1,758 sq. ft.; 4 bdrm.; 1.5 bath single family	151	70	62	53	49	39	
	Detroit	2,098 sq. ft.; 5 bdrm.; 3 bath single family	109	51	45	40	34	27	
	Detroit	3,242 sq. ft.; 2.5 bath single family residence	117	42	32	26	26	20	
	Detroit	1,960 sq. ft.; 1.5 bath single family residence	101	45	37	28	22	19	
	Detroit	2,286 sq. ft.; 4bdrm.; 1.5 bath single family	138	53	44	38	29	25	
	Detroit	1,446 sq. ft.; 1 bath single family residence	162	62	47	42	36	32	
	Detroit	1,920 sq. ft.; 1 bath single family residence	162	75	63	49	45	35	
	Detroit	2,276 sq. ft.; 2 bath single family residence	141	57	49	41	39	25	
	Detroit	2,388 sq. ft.; 1.5 bath single family residence	17	7	5	4	4	3	

¹⁷⁸ Omitted from this Table are addresses which appear to be apartments, shelters, and other multi-family dwelling facilities. In the calculation of the forfeiture penalty discussed *infra*, the Bureau gave the Company credit for one valid subscriber at each address; thus, for example, the number of charged ineligible subscribers for August 2016, is 1,172 minus 31 (unique addresses), for a total of 1,141 charged ineligible subscriber accounts. See also Appendix D.

¹⁷⁹ The Bureau was unable to locate information for " Street Highland Park, Michigan," however, the Bureau did find records relating to " Avenue." According to the Company's Subscriber List for its Form 497 for data month April 2016, American Broadband sought Lifeline support for 52 different accounts with the address Avenue, Highland Park, MI and additional two accounts with Street, Detroit, Michigan listed as the address.

	Detroit	2,860 sq. ft.; 5 bdrm.; 3 bath single family	108	65	53	45	39	28
	Detroit	2,590 sq. ft.; 2.5 bath single family residence	21	12	8	6	5	2
	Detroit	2,120 sq. ft.; 2 bath single family residence	38	20	18	16	16	14
	Detroit	1,776 sq. ft.; 1 bath single family residence	38	17	15	14	12	12
	Detroit	711 sq. ft. single family residence; 1 bath	51	25	18	14	11	6
	Highland Park	2,000 sq. ft.; 4 bdrm.; 1.5 bath; single family	9	8	7	6	5	3
	Highland Park	1,199 sq. ft. single family residence; 1 bath	94	58	45	30	23	20
	Highland Park	Not located in Wayne County records	54	19	13	13	12	8
	Detroit	960 sq. ft.; 1 bath single family residence	117	60	48	44	40	33
	Highland Park	2,346 sq. ft. 3 bdrm.; 1 bath single family	98	41	32	26	22	18
	Highland Park	1,823 sq. ft.; 2 bath single family residence	72	29	16	13	13	12
	Highland Park	1,636 sq. ft.; 1 bath single family residence	31	17	12	7	6	4
		Total Subscribers	2584	1172	959	795	688	543

73. Based upon Smith's and Jarvis's e-mails, American Broadband should have been aware in as early as March 2016 that its agents were enrolling customers using invalid addresses. The Company, however, continued to seek and receive Lifeline support for those ineligible accounts.

(b) Agents Apparently Enrolled Deceased Individuals

74. On March 31, 2016, Smith sent an e-mail to the Company's Director of Wireless Operations identifying 19 customer accounts created by a subagent of master agent McLawrence.¹⁸⁰ In the e-mail, Smith wrote, "[t]here are multiple cases of duplicate names with different . . . DOBs/SSNs."¹⁸¹ Smith indicated that "most of DOBs are in the 1900's-1920's" and "every single one of" the accounts "appears fraudulent."¹⁸² On the same day, Smith sent an e-mail to Jarvis, Enos, and M. Ansted again concerning the same subagent, writing that "the majority of these have impossible birthdates, like 3/10/1900."¹⁸³ Later, that same day, Smith e-mailed Jarvis, advising him to check the DOBs on the subagent's accounts, because "[h]e sure does seem to have a lot of reeeeeeally [*sic*] old customers."¹⁸⁴

75. The Bureau examined the customer accounts identified in Smith's March 31st e-mails.¹⁸⁵ Seventeen of the 19 identified customer had birthdays between 1900's and 1920's.¹⁸⁶ The Bureau used a

¹⁸⁰ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, American Broadband (Mar. 31, 2016, 10:16 a.m.) at ABT-OIG01298987.

¹⁸¹ *Id.*

¹⁸² *Id.*

¹⁸³ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, Rob Enos, and Mike Ansted, American Broadband (sent Mar. 31, 2016, 11:44 a.m.) (writing that the agent was "picking from the phone book in addition to using the same name over and over with different details") at ABT-OIG00122947.

¹⁸⁴ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, American Broadband (Mar. 31, 2016, 3:44 p.m.) at ABT-OIG00122935. In the attachment to the e-mail, which was called "Shadiness 3-20-16," Smith provided the enrollment information for the accounts. *See id.* at Attachment at ABT-OIG00122936.

¹⁸⁵ Using the name and birthdays provided by Smith, the Bureau searched American Broadband's records to identify the relevant customers.

¹⁸⁶ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, American Broadband (Mar. 31, 2016, 3:44 p.m.) at ABT-OIG00122935 (indicating that one of the customers had a birthday in 1945 and another in 1973).

third-party verification process to ascertain whether the customers were alive at the time of his/her enrollment in the Company's Lifeline program. The Bureau discovered that many of the individuals were deceased at the time that they were enrolled in American Broadband's Lifeline program. Specifically, five of the individuals had apparently died in the 1970s, three in the 1980s, and four had died between 1992 and 2000.

76. Based on a review of the Company's Form 497 Subscriber Lists and as indicated in Table 3, American Broadband sought USF support for 13 of the 19 individuals on both its August 2016 and September 2016 Forms 497. As indicated in Table 3 below, American Broadband claimed more than half of the individuals continuously from at least August 2016 through December 2016.

Table 3: Deceased Individuals Reported in March 31, 2016 E-mail and Improperly Claimed on Subscriber Lists Supporting American Broadband's Forms 497								
Deceased Subscriber Information				Data Months for which American Broadband Received Lifeline Support for Deceased Subscriber				
Last Name	First Name	DOB	DOD	Aug. Form 497	Sep. Form 497	Oct. Form 497	Nov. Form 497	Dec. Form 497
		7/6/1900	12/1/1974	Yes	Yes	Yes	Yes	Yes
		4/10/1903	11/1/1986	Yes	Yes	Yes	Yes	Yes
		6/7/1910	6/1/1979	Yes	Yes	Yes	Yes	Yes
		6/9/1922	12/1/1974	Yes	Yes	Yes	Yes	Yes
		3/10/1900	2/1/1974	Yes	Yes	Yes	Yes	Yes
		5/9/1902	5/28/2000	Yes	Yes	Yes	Yes	Yes
		12/4/1908	4/9/1992	Yes	Yes	No	No	No
		6/4/1917	9/1/1976	Yes	Yes	No	No	No
		1/28/1905	10/2/1994	Yes	Yes	Yes	No	No
		10/2/1927	7/12/1982	Yes	Yes	Yes	Yes	Yes
		8/23/1945	6/5/2004	Yes	Yes	Yes	No	No
		12/5/1916	12/1/1983	Yes	Yes	Yes	Yes	Yes
		2/17/1929	2/17/1929	Yes	Yes	Yes	Yes	Yes

77. Based on the findings related to Smith's March 2016 e-mail, the Bureau conducted an expanded review of older customers listed on the Company's Subscriber Lists.¹⁸⁷ The Bureau determined that the Company sought Lifeline support on its July 2016 Form 497 for at least 274 deceased individuals, all of whom were born between the years 1900 - 1929. More significantly, most of these individuals had been deceased before they had apparently enrolled in the Lifeline program.

78. The Bureau then reviewed the Company's Subscriber List for data month August 2016 to ascertain whether the Company had continued to seek Lifeline support for additional deceased individuals. Based on its review and as indicated in Table 4, the Bureau identified 12,571 deceased subscribers on the Company's August 2016 Subscriber List. Of note, American Broadband filed its first Form 497 for support as a wireless Lifeline provider in October 2012, and only 6 of the 12,571 were alive at that time. Thus, almost all of the 12,571 deceased individuals on the Company's August 2016 Subscriber List individuals were deceased well before their alleged enrollment into the Lifeline program. As indicated in Table 4 below, from August 2016 to December 2016, American Broadband repeatedly sought and received Lifeline support on its Forms 497 for many of the same deceased individuals. As

¹⁸⁷ The Bureau sorted the Company's data month July 2016 Form 497 Subscriber List (for DoBs between 1900 and 1929). Using a third-party verification, the Bureau determined the dates of death for these customers.

indicated in Table 4, from August 2016 through December 2016, American Broadband sought and received Lifeline support for thousands of claims involving deceased individuals.

Table 4: Claims for Deceased Individuals on Subscriber Lists Supporting American Broadband's Forms 497					
	Aug. 2016	Sept. 2016	Oct. 2016	Nov. 2016	Dec. 2016
No. of Deceased Individuals Claimed on Company's Forms 497	12,571	10,735	8,842	7,518	5,955

(c) Agents Apparently Reused Program Eligibility Documents

79. On several occasions, from at least June 2016 through November 2016, American Broadband management communicated about the use of SNAP cards as proof of program eligibility. For example, on June 7, 2016, Smith e-mailed a program analyst on USAC's Lifeline team regarding the "use of SNAP cards as proof of eligibility for the Lifeline program."¹⁸⁸ Smith wrote, "we've been disallowing cards with no names and requesting the award letter . . . but some of our competitors are accepting SNAP cards with no names listed as long as the back of the card is signed."¹⁸⁹ Smith asked, "is this something that would be acceptable for USAC's requirements?"¹⁹⁰ The USAC analyst responded that if American Broadband decided to collect SNAP cards that do contain the subscriber's name, "we would suggest that you have mechanisms in place to ensure that you are not collecting the same SNAP card for multiple subscribers."¹⁹¹

80. On June 24, 2016, Smith e-mailed Jarvis, stating that "the following is a list of accounts from 2 of Alex Menda's subagents who were using a couple EBT [SNAP] cards multiple times across accounts."¹⁹² In the e-mail, Smith listed 35 different account numbers in Puerto Rico. The Bureau examined the Company's Form 497 Subscriber Lists to determine whether the Company sought support for the individuals who had apparently enrolled using the same SNAP card as proof of eligibility. As detailed in Table 5, from at least August 2016 through December 2016, American Broadband sought Lifeline support for many of these ineligible subscribers.

Table 5: Improper Claims: From Reused SNAP Cards in Puerto Rico (on Subscriber Lists Supporting American Broadband's Forms 497)						
	Jul. 2016	Aug. 2016	Sep. 2016	Oct. 2016	Nov. 2016	Dec. 2016
No. of Ineligible Subscribers Claimed	34	33	32	29	28	27

¹⁸⁸ E-mail from Colleen Smith, American Broadband, to Tiffany Brady, USAC Lifeline Program, cc Mike Ansted (June 6, 2016, 5:36 p.m.) at ABT-OIG00527613.

¹⁸⁹ *Id.*

¹⁹⁰ *Id.*

¹⁹¹ E-mail from Tiffany Brady, USAC Lifeline Program, to Colleen Smith, American Broadband, cc Mike Ansted, American Broadband (June 7, 2016, 10:05 a.m.) at ABT-OIG00527475 (providing, "You may use the SNAP cards as proof of eligibility, but I would strongly encourage [American Broadband] to develop mechanisms that protect against obtaining the same card for more than one applicant.").

¹⁹² E-mail from Colleen Smith, American Broadband, to Adam Jarvis, American Broadband (June 24, 2016, 10:08 a.m.) at ABT-OIG00123529.

81. Based on the Company's records, American Broadband received additional notice that agents were apparently reusing SNAP cards. For example, on June 24, 2016, Smith notified M. Ansted that a subagent of master agent Clay was reusing SNAP cards.¹⁹³ In another e-mail dated July 8, 2016, Smith notified M. Ansted that two subagents of CIMG "have used the same SNAP card."¹⁹⁴

82. On October 13, 2016, Smith e-mailed master agent Harvey, indicating that "Subagent Der Jones . . . has been found to be reusing customers proof of eligibility, we found two accounts . . . that used the same SNAP with different signatures."¹⁹⁵ On November 2, 2016, Harvey e-mailed Smith, "Derrick Jones and Cynthia Seymour need to be deactivated from my account . . . I need a search done back at least 2 to 3 weeks . . . Last week I caught him dropping a snap card."¹⁹⁶ Smith responded, "we looked at a 2 week span . . . and found 6 accounts . . . that used 3 different SNAP cards between them."¹⁹⁷ Smith forwarded to master agent Harvey 12 photos from the relevant accounts.¹⁹⁸ Also, in an e-mail on November 28, 2016, Smith notified another master agent that "we recently discovered a couple of your agents reusing SNAP cards for customer's family members."¹⁹⁹

83. The Bureau reviewed the customer information for individuals identified in Smith's e-mails (all of whom were enrolled in Illinois). As indicated in the Table 6 below, on its Forms 497, American Broadband sought Lifeline support for some of those subscribers, even after it had received notice that the subscriber accounts had been created in contravention of program rules.

Table 6: Improper Claims: From Reused SNAP Cards in Illinois (on Subscriber Lists Supporting American Broadband's Forms 497)						
Subscriber	Jul. 2016	Aug. 2016	Sep. 2016	Oct. 2016	Nov. 2016	Dec. 2016
Notice in June 2016						
H _____	Yes	Yes	Yes	Yes	Yes	Yes
Y _____	Yes	Yes	Yes	Yes	Yes	No
Notice in July 2016						
B _____	Yes	Yes	Yes	Yes	Yes	Yes
H _____	Yes	Yes	Yes	Yes	Yes	Yes
Notice in Nov. 2016						
Q _____	N/A ²⁰⁰	N/A	N/A	Yes	Yes	Yes
C _____	N/A	N/A	N/A	Yes	Yes	Yes
H _____	N/A	N/A	N/A	N/A	N/A	Yes
G _____	Yes	Yes	Yes	Yes	Yes	Yes

¹⁹³ E-mail from Colleen Smith, American Broadband, to Mike Ansted (June 28, 2016, 1:29 p.m.); E-mail from Mike Ansted, American Broadband, to Lutricia Clay (June 28, 2016, 1:35 p.m.) at ABT-OIG00528496.

¹⁹⁴ E-mail from Colleen Smith, American Broadband, to Mike Ansted, American Broadband (July 8, 2016, 10:57 a.m.) at ABT-OIG01299328.

¹⁹⁵ See E-mail from Colleen Smith, American Broadband, to Jerome Harvey (Oct. 13, 2016, 10:32 a.m.) at OIG01300574 - ABT-OIG01300576.

¹⁹⁶ *Id.* at ABT-OIG01300574. Based on the master agent's communication with Smith, the subagent was fired.

¹⁹⁷ *Id.*

¹⁹⁸ *Id.* See E-mail from Jerome Harvey to Colleen Smith, American Broadband (Nov. 3, 2016, 10:08 a.m.) at ABT-OIG01300574 (requesting proof of the fraudulent accounts because "I need to put all of it in his termination file.").

¹⁹⁹ E-mail from Colleen Smith, American Broadband, to Juan Serna, Campana (Nov. 28, 2016 11:31 a.m.) at ABT-OIG01300796.

²⁰⁰ Not Applicable (N/A) indicates that the subscriber had not yet been enrolled by American Broadband.

84. American Broadband, thus, apparently had knowledge that, in at least two parts of its designated service area, its agents had apparently enrolled individuals using improper program qualification documentation, in violation of section 54.410(a) of the Commission's rules.

2. American Broadband Apparently Lacked Proper Policies and Procedures to Ensure Compliance with the Commission's Rules Governing Lifeline Enrollments

85. Pursuant to program rules, ETCs must implement policies and procedures for ensuring that their Lifelines subscribers are eligible to receive Lifeline services²⁰¹ and "must maintain records to document compliance with all Commission . . . requirements governing the Lifeline" program,²⁰² including requirements to (1) "securely retain subscriber documentation that the ETC reviewed to verify subscriber eligibility" and (2) "securely retain copies of documentation demonstrating. . . subscriber's income-based eligibility."²⁰³ ETCs are also responsible for the non-compliant conduct of their agents.²⁰⁴ Based on a review of the Company's records, as discussed below, American Broadband apparently lacked policies and procedures to comply with several provisions of the Commission's rules, and it apparently, deliberately, and repeatedly disregarded notice from its compliance staff of likely violations of the Commission's Lifeline rules. In addition, the Company apparently provided little to no training to its master agents on the Commission's rules to ensure that its agents complied with the rules governing the Lifeline program. Despite offering limited training to its master agents, the Company apparently entrusted the training of subagents to its untrained master agents.

86. In the LOI, the Bureau asked American Broadband to provide "all Documents regarding [American Broadband's] policies and procedures, including revisions, to ensure compliance with federal statutes and the Commission's rules governing the Lifeline program" for the period of 2010 through the present.²⁰⁵ In documents produced to the Bureau, American Broadband provided copies of a 2014 "American Assistance Training Guide"²⁰⁶ and a 2015 "American Assistance Training Guide."²⁰⁷ According to the overview of the documents, the training materials were for customer service representatives responsible for answering inbound phone calls from the Company's customers.²⁰⁸ In the materials, American Broadband indicated, "Lifeline Wireless offers eligible customers a FREE wireless phone" and Lifeline Wireless is "a Lifeline Assistance program supported by the Universal Service Fund."²⁰⁹ In the documents, American Broadband explained that customers could qualify for Lifeline Wireless with participation in federal, state and local government programs, or if their income was 135% or below National Poverty Income Guidelines.²¹⁰ American Broadband also indicated that proof of

²⁰¹ 47 CFR § 54.410(a).

²⁰² 47 CFR § 54.417(a).

²⁰³ 47 CFR § 54.404(b)(ii).

²⁰⁴ *Lifeline and Link Up Modernization and Reform*, WC Docket No. 11-42, Order, 28 FCC Rcd 9057 (WCB 2013); FCC Enforcement Advisory, 28 FCC Rcd 9022 (EB 2013).

²⁰⁵ LOI at Inquiry No. 55. *See id.* at Inquires No. 11, 12, 13, 19, 27, 28, 37, 41, 42 (asking about the Company's policies and procedures). The Company did not specifically identify items responsive to the Bureau's request.

²⁰⁶ *See* E-mail from Curt Church, American Broadband, to Adam Jarvis et al., American Broadband (Feb. 20, 2014) at ABT-OIG00077034 (attaching American Assistance Employee Training Manual (Training Manual) at ABT-OIG00077035-63).

²⁰⁷ *See* E-mail from Curt Church, American Broadband, to Jeffrey Ansted, American Broadband (Apr. 20, 2015) at ABT-OIG00006137 (attaching American Assistance Training Guide (Training Guide) at ABT-OIG00006138-65).

²⁰⁸ Training Manual at ABT-OIG00077037, Training Guide at ABT-OIG00006138.

²⁰⁹ *Id.*

²¹⁰ *Id.* at ABT-OIG00077038, ABT-OIG00006140.

“eligibility is required,” “only one wireless or landline Lifeline account is permitted per household,” and “the address you provide . . . must be your place of residence.”²¹¹ In the documents, the Company focused on frequently asked customer questions and instructions on how to use the Company’s databases. As indicated in the training materials, the Company provided only limited information to its agents about Lifeline and did not specifically address program compliance. As indicated, these documents were used by in-house customer service representatives, not by the master agents and subagents.

87. The Bureau reviewed the history of the Company’s relationship with master agent Harvey as an example of the Company’s policies and procedures regarding master agents.²¹² In October 2015, Harvey applied to become an agent with American Broadband.²¹³ Harvey exchanged e-mails with Enos from October 23, 2015 through November 3, 2015.²¹⁴ On November 4, 2015, Enos forwarded to Harvey the Sub Market Playbook, an offer letter, and a payroll direct deposit form.²¹⁵

88. In Harvey’s offer letter (consistent with other agent agreements, as discussed above), American Broadband demanded that its master agents “adhere to ALL compliance practices.”²¹⁶ The Company, however, had essentially no compliance practices which focused on compliance with any Commission rules or USAC policies.²¹⁷ Instead, in Harvey’s and other agent agreements, the Company focused on agents’ commission and the maintenance of the Company’s phone inventory.²¹⁸

89. In the Playbook, American Broadband communicated, “there are many websites which you can further research the Lifeline program.”²¹⁹ The Playbook did not specifically cite to USAC’s or the FCC’s websites.²²⁰ In the Playbook, the Company did briefly discuss consumer qualifications, and it indicated that the agent commission, or “how you make money,” is based on “Valid Applications.”²²¹ The Company apparently did not offer or mandate any real training on the Lifeline program (beyond the Playbook) to its master agents.

90. In March 2016, American Broadband forwarded several different versions of agent agreements to Harvey. In an agreement dated March 7, 2016, American Broadband referred to Harvey as a “Master Sub Agent,” and explained that he would be responsible for his inventory.²²² In the agreement American Broadband did not further define Master Sub Agent or the duties and expectations for such an agent.

²¹¹ *Id.*

²¹² Other agents received the same information, via e-mail, from the Company.

²¹³ E-mail from Jerome Harvey to sales@ambt.net (Oct. 19, 2015, 5:15 p.m.) (writing, “I’m interested in being a dealer so [I] can have reps under me”) at ABT-OIG02137482.

²¹⁴ See ABT-OIG02137479-82. An e-mail suggests that Enos and Harvey had at least one phone conversation. E-mail from Rob Enos, American Broadband, to Jerome Harvey (Nov. 3, 2015, 9:19 a.m.)

²¹⁵ E-mail from Rob Enos, American Broadband, to Jerome Harvey (Nov. 4, 2015, 4:25 a.m.) at ABT-OIG02137479.

²¹⁶ See Harvey Agreement; see, e.g., Jones Agreement, Dadou Agreement.

²¹⁷ *Id.*

²¹⁸ *Id.*

²¹⁹ Sub Market Playbook, ABT-OIG02139317-23.

²²⁰ *Id.*

²²¹ *Id.* at ABT-OIG02139322. The Company explained that, “[h]istorically, only about 60-65% of applications that come in are valid” and

Id. at ABT-OIG02139322-23.

²²² Letter from Mike Ansted, American Broadband, to Jerome Harvey (Mar. 7, 2016) at ABT-OIG02095165.

91. In an agreement dated March 13, 2016, American Broadband communicated to Harvey that, “[b]y March 18th, all of your Agents applications will be 100% compliant with our policy of providing that a photo of the applicant’s ID as well as a photo of their qualifying government assistance . . . must be attached to the application file.”²²³ American Broadband apparently implemented this policy but did not enforce it. As an example, and as discussed above, in the March Two-Week Enrollment, M. Ansted reported to Jeffrey Ansted information on several Lifeline enrollments created by Harvey’s subagents.²²⁴ Had the Company reviewed the enrollments within its own system, it would have discovered that the master agent and subagents had not included photo IDs and/or program eligibility documents, as mandated.

92. As discussed above, Harvey was not the only master agent who did not comply with Lifeline program rules in the enrollment of individuals into the Lifeline program.²²⁵ In an e-mail on August 5, 2014, Jarvis wrote Jeffrey Ansted concerning a J&A Wireless Audit.²²⁶ Jarvis wrote, “[t]he preliminary results of my audit of Saher’s orders were not pretty.”²²⁷ He explained, “[t]here has been a significant spike in his TPIV (Third Party Identity Verification) errors in the past couple weeks.” Jarvis also wrote, “[a]s planned, we will be putting a clause in his agreement that will result in fines for invalid orders making it through the order entry process.”²²⁸ After becoming aware of the master agent’s noncompliance, the Company apparently did not provide any training to Dadou or his subagents to enforce compliance. Instead, American Broadband continued to use the master agent for at least two more years.

93. The Company continued to trust Dadou to manage and train his subagents, and it continued to request Lifeline support for enrollments created by those subagents. On March 16, 2016, Jarvis e-mailed Dadou stating, “I have shut down the login for Store Twenty Six.”²²⁹ Jarvis explained, “[t]hey are using Jr in the first and last name field to get around duplicate name checks, and they have no signatures on any of their applications.”²³⁰ On March 22, 2016, Enos forwarded to Ansted an e-mail that he had sent to Dadou with “compliance concerns and resolutions.”²³¹ In the e-mail, Enos wrote, “your teams unwillingness to follow our processes and procedures have all but eliminated the value your organization brings to American Assistance . . . [w]e have had this conversation many times . . .” and “there are a lot of conditions that must be met if we are going to continue to allow J&A to represent American Assistance . . . you will train your staff on site as a group.”²³² American Broadband again did not propose training Dadou or his subagents on the rules governing the Lifeline program. Shortly after the March 22, 2016 communication, American Broadband had reason to believe that Dadou remained non-compliant. Specifically, on March 29, 2016, Jarvis e-mailed Dadou, stating “[w]e have shut off the

²²³ Letter from Mike Ansted, American Broadband, to Jerome Harvey (Mar. 14, 2016) at ABT-OIG02095063.

²²⁴ See *supra* III.A.1.

²²⁵ *Id.*

²²⁶ E-mail from Adam Jarvis, American Broadband, to Jeffrey Ansted, cc Rob Enos, American Broadband (Aug. 5, 2014, 8:32 a.m.) at ABT-OIG00005867.

²²⁷ *Id.*

²²⁸ *Id.*

²²⁹ E-mail from Adam Jarvis, American Broadband, to Saher Dadou (March 16, 2016, 7:18 p.m.) at ABT-OIG00009414.

²³⁰ *Id.*

²³¹ E-mail from Rob Enos, American Broadband, to Jeffrey Ansted, American Broadband (Mar. 22, 2016, 1:19 p.m.); E-mail from Rob Enos, American Broadband, to Saher Dadou (Mar. 22, 2016, 9:36 a.m.) at ABT-OIG00004065. Enos forwarded this e-mail to Jeffrey Ansted. *Id.*

²³² *Id.*

login for store one because we found they have signed up 100+ accounts at the same address which is a small single family dwelling.”²³³

94. American Broadband apparently allowed other untrained master agents to supervise subagents who enrolled individuals into the Lifeline program. For example, on March 31, 2016, Hakim McLawrence e-mailed M. Ansted, writing, “[p]lease deactivate sub agent T. Braz; [s]he was caught doing duplicate applications in the same name.”²³⁴ In response M. Ansted e-mailed McLawrence, stating “I don’t feel you are spending enough time in the field . . . you are just an ‘observer’ instead of being a mentor.”²³⁵ He also informed McLawrence that he would be charging him \$ for the agent’s conduct.²³⁶ M. Ansted indicated, “[t]his is a direct reflection of how you run your business and I can no longer tolerate this.”²³⁷ M. Ansted informed McLawrence that, “you are on probation until further notice and no more phones will be sent to you.”²³⁸ American Broadband did not terminate its relationship with McLawrence at that time, nor did it offer compliance training to the master agent or his subagents.

95. In June 2016, when the Company’s director of Sales and Marketing learned that an agent had reused a SNAP card to enroll multiple subscribers, he instructed the master agent to fire the subagent.²³⁹ Specifically, M. Ansted wrote to master agent Clay, “please fire her. I can’t tolerate this behavior . . . You will be fined \$ for the 5 times that we found out about and I’m sure there was more.”²⁴⁰ The Company had a reasonable belief that the master agent was not adhering to compliance practices, and yet, it continued to seek Lifeline support for the enrollments submitted by the master agent.

96. M. Ansted proposed an alternative method of verifying customers enrolled by the Company’s agents, he suggested hiring a third-party verification company. He wrote, “[w]e should look into CGM . . . just to have an alternative plan if we can’t handle the order capacity with 3 or so FT employees.”²⁴¹ In response, Jeffrey Ansted rejected the suggestion writing, “Do not call CGM. They will be % more expensive than having us do it internally . . . we won’t have the control of having live verifiers in the office to train them and monitor them etc.”²⁴²

97. Based on Company records, American Broadband did not hire CGM to verify its Lifeline enrollments but continued to process the enrollments itself. The Company, however, (1) lacked policies

²³³ E-mail for Adam Jarvis, American Broadband, to Saher Dadou (Mar. 29, 2016, 8:15 a.m.) at ABT-OIG00009373.

²³⁴ E-mail from Mike Ansted, American Broadband, to Hakim McLawrence (Mar. 30, 2016, 8:08 p.m.) at ABT-OIG01926619. *See supra* Section III.A.1.

²³⁵ E-mail from Mike Ansted, American Broadband, to Hakim McLawrence (Apr. 1, 2016, 2:54 p.m.) at ABT-OIG00004103. M. Ansted further stated to McLawrence, “This seems to be happening way too much in the last 2-3 weeks with you hiring Agents that do nothing right, i.e. selling phones, making bad orders, no photos being uploaded, not making 1st calls, etc.” *Id.*

²³⁶ *Id.* (indicating that the \$ was based on the number of phones, the price of the phones, and McLawrence’s commission).

²³⁷ *Id.*

²³⁸ *Id.*

²³⁹ E-mail from Mike Ansted, American Broadband, to Lutricia Clay (June 28, 2016, 1:35 p.m.) at ABT-OIG00528496.

²⁴⁰ *Id.*

²⁴¹ E-mail from Mike Ansted, American Broadband, to Jeffrey Ansted, American Broadband (Apr. 12, 2016, 3:30 p.m.) at ABT-OIG00005412.

²⁴² E-mail from Jeffrey Ansted, American Broadband, to Mike Ansted, American Broadband (Apr. 12, 2016, 8:34 p.m.) at ABT-OIG00005412.

and procedures to properly review its Lifeline enrollments, as discussed above,²⁴³ and (2) lacked policies and procedures to ensure that it properly retained customer data, as required under program rules.²⁴⁴

98. With respect to the retention of documents, effective February 17, 2016, the Commission required ETCs to retain the subscriber documentation reviewed to verify subscriber's eligibility as well as documentation used to demonstrate income eligibility.²⁴⁵ As demonstrated in the S M illustration above, the Company failed to retain copies of identifications and income documentation, and thus failed to identify and resolve instances in which the same documentation was used to create multiple Lifeline accounts.²⁴⁶

99. In its Admissions to the Commission, American Broadband noted several changes to its policies and procedures, which it maintained ensured compliance with the Commission's rules, including rules governing the enrollment of subscribers.²⁴⁷ However, as discussed above, the Company apparently continued to seek and receive Lifeline support for improper enrollments from at least August 2016 through December 2016, which was after the Company had advised the Commission that it had corrected issues which had resulted in it receiving overpayments from the Fund.²⁴⁸ Thus, the Company apparently lacked policies and procedures to ensure that it did not seek or receive support for improper Lifeline enrollments, and apparently violated sections 54.404(b)(11), 54.410(a), (b)(1)(ii), and (c)(1)(ii) of the Commission's rules.

B. American Broadband Apparently Failed to De-enroll and Stop Seeking Lifeline Support for Ineligible Lifeline Subscribers

100. In its Admissions, the Company indicated that it had received overpayments from the Fund because of problems with benefit transfers and non-usage.²⁴⁹ As discussed in detail below, the Company apparently failed to de-enroll ineligible (1) non-usage subscribers and (2) benefit transfer subscribers, and the Company apparently continued to seek Lifeline support for ineligible non-usage and benefit transfers subscribers from at least August 2016 through December 2016, after it represented to the Commission that it had corrected these issues. Also, as discussed below, the Company apparently, in violation of section 54.405(e)(1) of the Commission's rules, failed to de-enroll subscribers that it had a reasonable basis to believe were no longer qualifying low-income subscribers.

1. American Broadband Apparently Sought Lifeline Support for Ineligible Non-Usage Subscribers

101. In August 2016, American Broadband admitted that it had "recently detected issues" with the "removal of subscribers who were terminated for non-usage from the Company's subscriber list."²⁵⁰ Thus, the Company admitted that it had failed to comply with sections 54.405(e)(3) and 54.407(c)(2) of the Commission's rules. As discussed below, the Company was apparently aware, in as early as 2014, that it had failed to de-enroll subscribers who had failed to use their Lifeline service, as required by Commission rules.

²⁴³ 47 CFR § 54.410(a).

²⁴⁴ 47 CFR §§ 54.4, 54.404(b)(11), 54.410(b)(1)(ii).

²⁴⁵ 47 CFR §§ 54.404(b)(11), 54.410(b)(1)(ii), and 54.417(a) (requiring that ETCs must maintain records to document compliance with all Commission rules).

²⁴⁶ See *supra* Section III.A.1.

²⁴⁷ See Sept. 16 letter.

²⁴⁸ See *supra* Section III.A.1.

²⁴⁹ Sept. 16 Letter; Sept. 23 Letter.

²⁵⁰ Sept. 23 Letter at 1.

102. In a December 5, 2014 e-mail from Jarvis to Steve McIntosh, Chief Operations Officer (COO) of BeQuick,²⁵¹ Jarvis wrote, “We have a significant and frightening number of subscribers that are showing no usage, and that appears to be due to the system rating inbound calls that go to voice-mail as outbound calls and therefore falsely continuing a subscriber’s service that should have been disconnected for no usage (Ticket 360).”²⁵² In response, McIntosh wrote, “I am doing a detailed analysis to determine exactly which customers need their last usage date adjusted.”²⁵³ On December 11, 2014, McIntosh e-mailed Jarvis saying, “[a]ttached is complete audit of the active lines. About 18k lines will now fall past the 60 day mark once we adjust the last usage dates to exclude voice-mail calls. Should we provide with updating dates and adding a note to the accounts?”²⁵⁴

103. McIntosh attached an Excel file with nearly 24,000 accounts (Dec. 2014 Excel File).²⁵⁵ According to information contained in the file, if American Broadband had adjusted its records to correctly account for non-usage, the Company would have had 11,012 Lifeline accounts with non-usage of more than 90 days—at least 30 days beyond the Commission’s requirement to de-enroll a subscriber after 60 days of non-usage.²⁵⁶ One the same day, Jarvis responded to McIntosh,

I spoke to Jeff about how he would like to proceed on these, and he was clear that he does not want the last usage date adjusted. He wants the problem fixed, and then he wants these to churn off naturally for no usage if we are unable to prompt them to use service.²⁵⁷

104. On December 11, 2014, the date of Jeffrey Ansted’s response, the 11,012 subscribers were already ineligible non-usage subscribers under section 54.405(e)(3) of the Commission’s rules.²⁵⁸ A prompt from the Company resulting in use by the subscribers at that time would not have cured the non-usage. Thus, the Company, was obligated under Commission’s rule to de-enroll and not receive support for those subscribers.²⁵⁹

105. To determine when American Broadband removed the ineligible non-usage subscribers from its Lifeline program, the Bureau compared the data in the Dec. 2014 Excel File with certain

²⁵¹ See <http://bequick.com/about.html#team> (identifying McIntosh as the Co-Founder and COO of BeQuick) (last visited Oct. 4, 2018).

²⁵² E-mail from Adam Jarvis, American Broadband, to Steve McIntosh, Chief Operating Officer, BeQuick at (Dec. 5, 2014 10:25 a.m.) at ABT-OIG00090995. Jarvis also writes, “I’m essentially been told that it was our fault for using the Active Activation rule versus Pending Activation, Hotlined . . . So now I’m not compliant and will have to shut down a sizable chunk of our GSM customer base because it didn’t properly churn off due to the system rating calls incorrectly.” *Id.*

²⁵³ E-mail from Steve McIntosh, Chief Operating Officer, BeQuick, to Adam Jarvis, American Broadband (Dec. 8, 2014) at ABT-OIG00017466.

²⁵⁴ E-mail from Steve McIntosh, Chief Operating Officer, BeQuick, to Adam Jarvis, American Broadband (Dec. 11, 2014, 12:23 p.m.) at ABT-OIG00826280-83. See Spreadsheet at ABT-OIG00826283.

²⁵⁵ *Id.* The column titles for the file were: Account, ORIG DATE, NEW DATE, ORGI DAYS, NEW DAYS, LAST TEXT, RENEWAL DATE. *Id.*

²⁵⁶ *Id.* We ascertained this number with a simple data sort of the NEW DAYS column within the Dec. 2014 Excel file. See 47 CFR § 54.407(c)(1) (providing that an ETC “shall only continue to receive universal service support reimbursement for such Lifeline service provided to subscribers who have used the service within the last 60 days”).

²⁵⁷ E-mail from Adam Jarvis, American Broadband, to Steve McIntosh, BeQuick (Dec. 11, 2014, 1:10 p.m.) at ABT-OIG00487168.

²⁵⁸ See 47 CFR §§ 54.405(e)(3); see also 47 CFR §§ 54.405(e)(1) (providing that an ETC must de-enroll any subscriber who fails to demonstrate eligibility within five business days after the expiration of the subscriber’s time to respond).

²⁵⁹ See 47 CFR §§ 54.405(e)(3), 54.407(c)(2)(i)-(v).

Company Subscriber Lists.²⁶⁰ Specifically, the Bureau compared the 11,012 customers from the Dec. 2014 Excel File (all of whom had not used their service for more than 90 days—thus, outside of the usage and cure period under program rules) with the Company’s Form 497 Subscriber Lists for January 2015, June 2015, July 2016. Based on information contained in these Subscriber Lists, after being made aware that its records showed a significant number of customers with no usage, in January 2015 American Broadband filed its January 2015 data month Form 497 seeking support for 10,970 of the 11,012 ineligible non-usage subscribers. In June 2015, six months after the Company became aware that its own records indicated it had thousands of ineligible subscribers within its Lifeline program, the Company apparently sought support for 7,672 of the 11,012 customer accounts. In July 2016, American Broadband continued to seek and receive support for 363 subscribers that were ineligible non-usage subscribers by at least December 2014.

106. American Broadband continued to seek and receive support for ineligible non-usage subscribers, even after it reported to the Commission that it had taken corrective action to eliminate such improper claims. As indicated in Table 7, from August 2016 through December 2016—the period relevant to the Commission’s Investigation—American Broadband apparently improperly claimed hundreds of ineligible non-usage subscribers.

Table 7: Number of Ineligible Non-Usage Subscribers for which American Broadband Sought Lifeline Support on Subscriber Lists Supporting its Forms 497				
Aug. 2016	Sept. 2016	Oct. 2016	Nov. 2016	Dec. 2016
85	72	61	49	37

107. With respect to its non-usage subscribers, American Broadband indicated to the Commission that it had directed GJM to conduct a review of all subscriber records and claims from February 2014 through July 2016, including ineligible subscribers based on non-usage.²⁶¹ In conducting its review, GJM worked with the data provided and procedures established by American Broadband.²⁶² In the course of this Investigation, the Bureau reviewed the procedures and sources files used by GJM to consider how the Company had determined the number of ineligible non-usage subscribers that it reported to the Commission.²⁶³

²⁶⁰ We ran a query in American Broadband Subscriber Lists to match the account numbers listed in the Dec. 2014 Excel Worksheet to match the account numbers with the names of the actual subscribers.

²⁶¹ May 25 LOI Response at 19; Letter from John Heitmann, Counsel for American Broadband, Kelley Drye & Warren, LLP, to Marlene Dortch, FCC, dated Nov. 3, 2017 (Nov. 3 Letter).

²⁶² Independent Accountant’s Report on Applying Agreed-Upon Procedures, from Gilmore Jaison Mahler, LTD, to Jeffrey Ansted, President, American Broadband (GJM Report).

²⁶³ Nov. 3 Letter (providing, among other things, “spreadsheets containing subscriber data used in the third-party audit conducted by Gilmore” including, (1) the “Combined Fusion Lifeline Customer Lists” (AMERICAN BROADBAND-00000122 – AMERICAN BROADBAND-000001510), (2) “Combined Fusion Disconnection Report” (AMERICAN BROADBAND-00000145), and (3) “Combined NLAD Report” (AMERICAN BROADBAND-00000072). Counsel also provided GJM’s report. In its report, GJM indicated that it

Id.

Id.

at Appendix C. GJM Report at 2.

108. The Bureau followed GJM's procedures,²⁶⁴ including analysis of the Company's Combined Fusion Disconnection Report and its Subscriber Lists, to consider the Company's subscribers.²⁶⁵ As the table below shows, in August 2016, on its Form 497 Subscriber List American Broadband apparently included more than 1,200 ineligible non-usage subscribers—subscribers that had not used Lifeline service for 91 days prior to August 1, 2016.

Table 8: Ineligible Non-Usage Subscribers Claimed on American Broadband Subscriber List (Post Purported Corrections)	
State	Aug-16
Michigan	758
Ohio	151
Illinois	144
Kentucky	49
Indiana	43
Wisconsin	22
South Carolina	13
Puerto Rico	12
Nevada	10
Pennsylvania	9
Missouri	8
West Virginia	1
Arizona	1
Minnesota	1
Colorado	-
Maryland	-
Rhode Island	-
Utah	-

109. In comparing the ineligible non-usage subscribers in Table 7 above (ineligible since at least December 2014) with Table 8, there is an overlap of only two subscribers. Thus, from August 2016 through December 2016, the Company apparently sought support for two separate categories of ineligible non-usage subscribers, totaling more than fifteen hundred ineligible non-usage subscribers. These subscribers had failed to use their Lifeline-supported service for more than 90 days, and although the Commission's rules (prior to December 2, 2016) instructed ETCs to de-enroll subscribers that failed to use the service "for 60 consecutive days," who do not cure their non-usage during the notice period, the Company apparently not only failed to timely de-enroll the subscribers, but also improperly continued to seek and receive support for those subscribers. Thus, the Company apparently violated sections 54.405(e)(2) and 54.407(c)(2) of the Commission's rules.

²⁶⁴ July 2016 was the latest month reviewed by GJM in the 30-month period.

²⁶⁵ The Bureau gathered the data in Table 8 using the GJM's procedures as provided to the Commission. Based on a review of the Company reported non-usage data, on the Subscriber List for data month September 2016, American Broadband did not continue to seek support for any of the identified ineligible non-usage subscribers.

2. American Broadband Apparently Sought Support for Subscribers Who Had Transferred Their Lifeline Benefit to Another Carrier

110. American Broadband indicated to the Commission that it learned of its erroneous claims for subscribers that had transferred their Lifeline benefit to another Lifeline provider when it chose to self-audit its subscriber records in early June 2016 and subsequently engaged Murphy Consulting to do a comparison of the Company's customer databases with the database of customers assigned to the Company's SACs in NLAD.²⁶⁶ The Bureau reviewed the Company's records concerning benefit transfers and found that the Company apparently violated sections 54.404(b), 54.405(e)(1), and 54.407(a) of the Commission's rules.²⁶⁷

111. In March 2014, when USAC/Commission started utilizing NLAD, USAC began sending communications to American Broadband concerning benefit transfers. On March 1, 2014, American Broadband received an e-mail from USAC with the subject line "NLAD Notice – Benefit Transfer" (NLAD Notice).²⁶⁸ In the e-mail, USAC communicated that NLAD "has transferred the Lifeline benefit of at least one subscriber . . . please log into NLAD and run a report . . ."²⁶⁹

112. After receiving this e-mail, Jeffrey Ansted forwarded the message to Jarvis,²⁷⁰ asking, "[c]an you run this report and send me the [sic] results?"²⁷¹ In response, Jarvis stated, "[t]here is one on the 28th . . . I will have to look into this to see what initiated it."²⁷² Subsequently, Jarvis attached a file entitled, "Transaction Detail Report,"²⁷³ which listed the name, address and phone number of the relevant subscriber.²⁷⁴ The report also described the transfer type as "TRANSFEROUT" and listed the NLAD Transaction Date, the date that USAC completed the transfer, as February 28, 2014.²⁷⁵ Based on the Company's Subscriber Lists, American Broadband continued to seek Lifeline support for that subscriber on its Forms 497 for data months April 2014, May 2014, June 2014, July 2014, August 2014, September 2014, and October 2014, despite receiving notice from USAC that the customer had transferred their Lifeline benefit in March 2014.

²⁶⁶ May 25 LOI Response at 17. American Broadband states that to identify subscribers who transferred away from American Broadband but were erroneously claimed on Form 497s, Murphy Consulting compared subscriber disconnect dates from American Broadband's database against the dates that NLAD indicated the subscribers transferred away. *Id.*

²⁶⁷ 47 CFR §§ 54.404(b)(1), (2) (providing that an ETC must not seek Lifeline support for a subscriber if NLAD indicates that the subscriber currently receives Lifeline support from another carrier). *See also* 47 CFR § 54.405(e)(1).

²⁶⁸ *See, e.g.*, E-mail from USAC, to Jeffrey Ansted, President, American Broadband (Mar. 1, 2014 8:00 a.m.) at ABT-OIG02061717.

²⁶⁹ *Id.*

²⁷⁰ E-mail from Jeffrey Ansted, President, American Broadband, to Adam Jarvis, Operations Manager, American Broadband (Mar. 1, 2014, 2:07 p.m.) at ABT-OIG02061718.

²⁷¹ E-mail from Jeffrey Ansted, President, American Broadband, to Adam Jarvis, Operations Manager (Mar. 1, 2014, 2:07 p.m.) at ABT-OIG02061717.

²⁷² E-mail from Adam Jarvis, Operations Manager, American Broadband, to Jeffrey Ansted, President, American Broadband (Mar. 1, 2014, 4:09 p.m.) at ABT-OIG00022291 and Attachment at ABT-OIG00022292.

²⁷³ USAC (NLAD) generates the Transaction Detail Report from ETC benefit transfer information updated in the database.

²⁷⁴ E-mail from Adam Jarvis, Operations Manager, American Broadband, to Jeffrey Ansted, President, American Broadband (Mar. 1, 2014, 4:09 p.m.) at ABT-OIG00022291 and Attachment at ABT-OIG00022292.

²⁷⁵ *Id.*

113. By March 4, 2014, Jeffrey Ansted had received at least one more NLAD Notice.²⁷⁶ Jeffrey Ansted forwarded the notice to the Company's operations manager writing, "Let's keep a running total of this."²⁷⁷ On March 8, 2014, American Broadband received several additional benefit transfer notices from USAC.²⁷⁸

114. On March 11, 2014, Jeffrey Ansted received an e-mail from USAC concerning Lifeline Program Benefit Transfer Guidance, which stated "[w]hen a Lifeline Program subscriber is being transferred from one . . . ETC to another, both carriers will receive a notice that the transfer was completed successfully in NLAD. The losing ETC must de-enroll the subscriber within five (5) business days of the transfer notice from NLAD."²⁷⁹ On the same day, Jeffrey Ansted scheduled a meeting with the Company's management including the Director of Sales and Marketing, Director of Wireless Operations, and Lifeline Operations Manager, to discuss, among other things, "line loss (Benefit transfer) record keeping."²⁸⁰

115. On March 12, 2014, Jarvis e-mailed Enos, stating, "[h]ere are the benefit transfers that occurred up through 3/11," and attaching a NLAD Transaction Report.²⁸¹ The report included information for 24 subscribers in Michigan, Ohio and West Virginia whose benefit transfers USAC had processed between the period of February 28, 2014 and March 11, 2014 (March 11th Transaction Report).²⁸² Also, on March 12, 2014, Jarvis sent an e-mail to Jeffrey Ansted stating, "I sent Rob [Enos] benefit transfers and will make sure he gets them daily,"²⁸³ and in an e-mail sent on March 13, 2014, Jarvis communicated to Ansted, "I now have ETC Admin rights, and I have updated the necessary information as USAC requested."²⁸⁴

116. Based on the Company's Subscriber Lists,²⁸⁵ American Broadband continued to seek and receive Lifeline support for the benefit transfer subscribers, in contravention of section 54.407(a) of the Commission rules, which states that Lifeline support shall be paid to an ETC "based on the number of

²⁷⁶ E-mail from USAC, to Jeffrey Ansted, President, American Broadband (Mar. 4, 2014, 9:14 a.m.) (NLAD benefit transfer notice dated Mar. 4, 2014) at ABT-OIG02061719.

²⁷⁷ *Id.*

²⁷⁸ See, e.g., E-mails from USAC to Jeffrey Ansted, President, American Broadband (Mar. 8, 2014, 1:00 p.m.; 12:59 p.m.; 1:59 p.m.) ABT-OIG00021039, ABT-OIG00021040, ABT-OIG00021041, ABT-OIG00021042. Jeffrey Ansted forwarded the NLAD benefit transfer notices to Jarvis. See E-mail from Jeffrey Ansted, President, American Broadband, to Adam Jarvis, Operations Manager, American Broadband (Mar. 11, 2014 12:27 p.m.) at ABT-OIG00021037.

²⁷⁹ E-mail from NLAD Bulletin [mailto:nlad-bulletin@lists.universalservice.org] to Jeff Ansted (Mar. 11, 2014, 4:16 p.m.); E-mail from Jeffrey Ansted, American Broadband, to Jack Roche, Dave Noe, Curt Church, and Rob Enos, American Broadband (Mar. 11, 2014, 3:23 p.m.) at ABT-OIG02089148.

²⁸⁰ *Id.*

²⁸¹ E-mail from Adam Jarvis, Wireless Operations Manager, American Broadband, to Rob Enos, Director of Sales and Marketing, American Broadband (Mar. 12, 2014, 7:57 a.m.) at ABT-OIG00137085.

²⁸² *Id.* at Attachment (ABT-OIG00137086).

²⁸³ E-mail from Adam Jarvis, Wireless Operations Manager, American Broadband, to Jeffrey Ansted, President, American Broadband (Mar. 12, 2014, 10:14 a.m.) at ABT-OIG02061909.

²⁸⁴ ABT-OIG00018123. In an e-mail on March 7, 2014, referring to benefit transfers, Jeffrey Ansted had asked Jarvis "are you also getting these so I don't have to forward these anymore?" See ABT-OIG00017251. On the same day, Jarvis responded, "I am not. I assume it has to do with my account not being an ETC Admin." *Id.*

²⁸⁵ See *supra* para. 31. USAC instructed American Broadband that, beginning with its January 2017 filing, it must provide a list of subscribers to support each of its Forms 497. The Bureau later requested Subscriber Lists for each Form 497 "for the period of January 1, 2014 through December 31, 2016." See LOI at Inquiry 45.

actual qualifying low-income consumers it serves directly as of the first day of the month.”²⁸⁶ Based on the dates that the subscribers had transferred their Lifeline benefit, as reported in the March 11th Transaction Report, none of the 24 subscribers should have been reported on American Broadband’s data month April 2014 Form 497.²⁸⁷ However, based on the Company’s Subscriber Lists, American Broadband apparently sought support for 22 of the 24 subscribers on its Forms 497 for data month April 2014.²⁸⁸ The Company gradually removed each of the 24 subscribers from its Subscriber Lists on various days after April 24, 2014. Based on its Subscriber Lists, American Broadband continued to seek support for 8 of the 24 subscribers on its Form 497 for data month December 2014. Additionally, for three of the 24 subscribers, the Company sought and received Lifeline support continuously from March 2014 through December 2016.

117. USAC/NLAD continued to send benefit transfer notices to American Broadband, but the Company failed to stop seeking Lifeline support for subscribers that USAC indicated had transferred their benefits to another ETC. According to Company data, from January 2016 to August 2016, the Company sought and received support for 301,550 ineligible benefit transfers.²⁸⁹

118. *Customer Notifications of Benefit Transfer.* Based on Company records, on at least two occasions, American Broadband apparently failed to de-enroll and stop seeking Lifeline support for subscribers who had contacted the Company directly to inform the Company that they were no longer using its Lifeline service.

119. On June 7, 2016, Curt Church, American Broadband’s, Director of Commercial Accounts and Call Center, e-mailed Jarvis, listing two account numbers and providing, “[t]he customer claims that they have left our services and gone to another company.”²⁹⁰ With respect to one of the accounts (# American Broadband reported in NLAD that the subscriber enrolled with American Broadband on May 15, 2015 and de-enrolled from the Company’s Lifeline program on January 16, 2017.²⁹¹

120. American Broadband sought Lifeline support for the subscriber on its Forms 497 Subscriber Lists continuously from May 2015 through January 2017.²⁹² Thus, American Broadband apparently continued to seek support for this subscriber beyond data month June 2016—when it received notice that the customer had de-enrolled from the Company’s Lifeline program. And, the Company apparently continued to seek and receive support for the subscriber well after it notified the Commission and USAC in August 2016 that it had corrected its non-usage issues.

²⁸⁶ 47 CFR § 54.407(a).

²⁸⁷ Carriers must submit a Form 497 for each month (and each SAC) that it seeks Lifeline reimbursement. On the Form 497, the “data month” is the month for which the ETC is reporting data. See FCC Form 497 Instructions.

²⁸⁸ Commission staff reviewed each of the relevant Subscriber List using the identification information contained in the March 11th Transaction Report.

²⁸⁹ Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to USF Strike Force (Dec. 29, 2017), Attachments (ABTC-00000160 – ABTC-00000189).

²⁹⁰ E-mail from Curt Church, American Broadband, to Adam Jarvis, American Broadband (June 2, 2016, 2:23 p.m.) at ABT-OIG02093346 (listing account numbers and).

²⁹¹ NLAD, American Broadband, De-enrolled Subscriber Worksheet (May 23, 2017) (De-Enrolled Subs File).

²⁹² American Broadband Form 497 Subscriber Lists, May 2015 through January 2017 at ABT-OIG00152139, ABT-OIG00152133, ABT-OIG00152181, ABT-OIG00152129, ABT-OIG00152121, ABT-OIG00152146, ABT-OIG00152144, ABT-OIG00152123, ABT-OIG00152142, ABT-OIG00152128, ABT-OIG00152126, ABT-OIG00152137, ABT-OIG00152119, ABT-OIG00152175, ABT-OIG00152140, ABT-OIG00152134, ABT-OIG00152130, ABT-OIG00529405, ABT-OIG00529407, ABT-OIG00529411, ABT-OIG00529409, ABT-OIG00529406, and ABT-OIG02186824.

121. With respect to the other account, # _____, in NLAD, the Company reported May 21, 2015 as the subscriber's original service activation date and August 30, 2016 as the date that the subscriber de-enrolled from American Broadband's Lifeline program.²⁹³ The Company's internal data indicated that the subscriber had de-enrolled from American Broadband's Lifeline program on August 29, 2016, but also indicated that the date of the subscriber's last qualifying usage was January 21, 2016.²⁹⁴ American Broadband reported the subscriber continuously on its Forms 497 Subscriber Lists from May 2015 until July 2016.²⁹⁵

122. *Company Policies on Benefit Transfers.* As discussed above, internally, the Company's management discussed benefit transfers. In e-mails dated April 4, 2014, Ansted asked Jarvis "do you get an e-mail Notice of Benefit Transfer when we win a customer or only when we lose one or both" and "[d]o you have a report if outbound vs inbound."²⁹⁶ Jarvis responded, "[a]s for benefit transfers, we get e-mails for both inbound and outbound transfers" and "I will put together a daily report if you like."²⁹⁷ Thus, whether or not the Company had actual written procedures to handle benefit transfers, its management, including the Company's president, was aware, by at least April 2014, that it was responsible for resolving benefit transfers within its records.

123. American Broadband specifically addressed benefit transfers, stating to the Bureau that "[b]eginning in August 2016, it adopted a standard operating procedure (SOP) that outlines a daily process for handling benefit transfer deactivations."²⁹⁸ To test the effectiveness of the Company's SOP, the Bureau compared (1) the list of benefit transfers that the Company indicated it had provided to GJM to review with (2) the Company's Subscriber Lists for August 2016 through December 2016. As suggested in Table 9, the Company's policies and procedures did not ensure compliance with the requirements governing benefit transfers.

Table 9: American Broadband Claims for Lifeline Support for Ineligible Benefit Transfers After Purported Corrections, Based on Subscriber Lists Supporting Its Forms 497					
	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Ohio	451	397	364	331	324
Michigan	503	278	260	229	212
Indiana	37	29	28	26	25
Illinois	34	15	15	12	2
West Virginia	7	7	7	6	6

²⁹³ See De-Enrolled Subs File.

²⁹⁴ Fusion Disconnection Report at ABTC-00000154.

²⁹⁵ Subscriber Lists Michigan, May 2015-July 2016 at ABT-OIG00152139, ABT-OIG00152133, ABT-OIG00152181, ABT-OIG00152129, ABT-OIG00152121, ABT-OIG00152146, ABT-OIG00152144, ABT-OIG00152123, ABT-OIG00152142, ABT-OIG00152128, ABT-OIG00152126, ABT-OIG00152137, ABT-OIG00152119, ABT-OIG00152175, ABT-OIG00152140, ABT-OIG00152134 & ABT-OIG00152130.

²⁹⁶ E-mail from Jeffrey Ansted, American Broadband, to Adam Jarvis, American Broadband (Apr. 4, 2014, 11:56 a.m.) at ABT-OIG02061911; E-mail from Jeffrey Ansted, American Broadband, to Adam Jarvis, American Broadband (Apr. 4, 2014, 12:04 p.m.) at ABT-OIG02061912.

²⁹⁷ E-mail from Adam Jarvis, American Broadband, to Jeffrey Ansted, American Broadband (Apr. 4, 2014, 11:58 a.m.) at ABT-OIG02061911; E-mail from Adam Jarvis, American Broadband, to Jeffrey Ansted, American Broadband (Apr. 4, 2014, 12:58 p.m.) at ABT-OIG02061911.

²⁹⁸ May 25 LOI Response at 10.

Wisconsin	8	8	6	5	5
Kentucky	16	4	2	2	2
Puerto Rico	7	4	4	4	-
South Carolina	6	4	3	3	2
Missouri	4	1	1	1	-
Nevada	1	-	-	-	-
Arizona	-	-	-	-	-
Colorado	-	-	-	-	-
Maryland	-	-	-	-	-
Minnesota	-	-	-	-	-
Pennsylvania	-	-	-	-	-
Rhode Island	-	-	-	-	-
Utah	-	-	-	-	-
TOTAL	1,074	747	690	619	578

124. As indicated in Table 9, American Broadband apparently continued to claim on its Forms 497 customers that it knew had transferred their Lifeline benefits to another ETC, even after the Company indicated to the Commission that it had corrected all issues related to benefit transfers. By the Company's own admission, it knew that these customers had transferred their Lifeline benefit to another Lifeline provider. Thus, from at least August 2016 through December 2016, American Broadband apparently violated sections 54.404(b), 54.405(e)(1), and 54.407(a) of the Commission's rules.²⁹⁹

3. American Broadband Apparently Sought Lifeline Support for Subscribers that its Management Knew Should have been De-enrolled

125. Based on the Company's records, on at least four separate occasions between May 2014 and August 2016, the Company's management, apparently knowingly failed to de-enroll ineligible subscribers from its Lifeline program. As discussed below, in each instance the Company continued to seek Lifeline support for the ineligible subscribers on its Form 497 in apparent violations of sections 54.407(a), (d), and (e) of the Commission's rules.

126. On May 29, 2014, in an e-mail with the subject line "Ohio Duplicate Resolution Results [DRP]," Jarvis wrote to members of American Broadband's management team, including Ansted, "Sadly, we fared worse in Ohio than we did in Maryland."³⁰⁰ Jarvis indicated that the Company had 14,018 duplicate subscribers ("subscribers who have now completed the duplicate resolution process") and "Subscribers lost: 7,745 of 14,108 duplicate subscribers in the Ohio DRP" which equaled "55%."³⁰¹ He wrote that the 7,745 subscribers represented " " of the " ".³⁰² He indicated, "there are still 7,381 duplicate address subscribers awaiting their phase of resolution," and "USAC has not posted a date on when that will occur; [u]ntil then we may continue claiming them."³⁰³

²⁹⁹ 47 CFR §§ 54.404(b)(1)-(2), 54.405(e)(1).

³⁰⁰ E-mail from Adam Jarvis, American Broadband, to Curt Church, Dave Noe, Jack Roche, Jeffrey Ansted, and Rob Enos, American Broadband (May 29, 2014, 5:15 a.m.) at ABT-OIG00092126.

³⁰¹ *Id.*

³⁰² *Id.*

³⁰³ *Id.*

127. Ansted replied, “I assume we can still claim the 7K we lost until June 3rd, [i]s this correct?”³⁰⁴ Jarvis answered, “I’ve gone back and forth on this, but their most recent wording seems to indicate that we can continue to claim them.”³⁰⁵ He wrote, “[w]hile they do state they de-enroll the subscribers from NLAD immediately, the section above alludes that you may claim them on June’s Form 497 which I believe is the form you submit for subsidies, correct?”³⁰⁶ Jeffrey Ansted responded: “Yes. We are on the same page. Disconnect them on June 1, so we can claim them on the June 497 form.”³⁰⁷

128. American Broadband followed a similar approach months later when it discovered that its Lifeline database included ineligible subscribers. Jarvis wrote to members of the Company’s management team, including the president of the Company, that, “we are performing an audit of GSM accounts targeting discrepancies within the NLAD Verification responses received.”³⁰⁸ Jarvis stated that he had queried Fusion for any response returned as “Failed” and “this returned 8,212 accounts that need to be updated, corrected, or disconnected.”³⁰⁹ Jarvis indicated that “the numbers so far reflect a disconnection rate of roughly 17% . . . I would expect the audit to involve around 1500 disconnections.”³¹⁰ Jarvis explained, “these disconnections are necessary to remain compliant, and it is better we catch them ourselves versus having them targeted in a USAC audit.”³¹¹ Ansted asked, “[h]ow do you avoid disconnecting valid phones with this ‘failed’ order criteria?”³¹² Jarvis replied, “[w]e check each account individually, assess the error and act accordingly.”³¹³ Jack Roche inquired, “how do we remove them from USAC reports current and past months?”³¹⁴ Jarvis responded, “[t]he ones we disconnect, we can either come clean and notify USAC of our mistake with some kind of exceptions report, or we can let it ride and ask forgiveness if they appear on an official audit.”³¹⁵ Roche responded, “Jeff does the report. So long as he has the detail of which accounts were erroneously reported when, it’s

³⁰⁴ E-mail from Jeffrey Ansted, American Broadband, to Adam Jarvis, cc Curt Church, Dave Noe, Jack Roche, and Rob Enos, American Broadband (May 29, 2014, 8:19 a.m.) at ABT-OIG00084347.

³⁰⁵ *Id.* (quoting, “As of the de-enroll deadline (Thursday, June 5, 2014), ETCs should not include these subscribers on their FCC Form 497 for support on a going forward basis”).

³⁰⁶ E-mail from Adam Jarvis, American Broadband, to Jeffrey Ansted, cc Curt Church, Dave Noe, Jack Roche, and Rob Enos, American Broadband (May 29, 2014, 8:36 a.m.) at ABT-OIG00084347.

³⁰⁷ E-mail from Jeffrey Ansted, American Broadband, to Adam Jarvis, cc Dave Noe and Jack Roche, American Broadband (May 29, 2014, 9:58 a.m.) at ABT-OIG00084347.

³⁰⁸ E-mail from Adam Jarvis, American Broadband, to Curt Church, Dave Noe, Jack Roche, Jeffrey Ansted, and Rob Enos, American Broadband (July 9, 2014, 9:20 a.m.) at ABT-OIG00020914.

³⁰⁹ *Id.*

³¹⁰ *Id.*

³¹¹ *Id.*

³¹² E-mail from Jeffrey Ansted, American Broadband, to Adam Jarvis, cc Curt Church, Jack Roche, Dave Noe, and Rob Enos, American Broadband (July 9, 2014, 10:29 a.m.) at ABT-OIG00020913.

³¹³ E-mail from Adam Jarvis, American Broadband, to Jeffrey Ansted, Curt Church, Jack Roche, Dave Noe, and Rob Enos, American Broadband (July 9, 2014, 11:07 a.m.) at ABT-OIG00020912 -ABT-OIG00020913.

³¹⁴ E-mail for Jack Roche, American Broadband, to Adam Jarvis, Jeffrey Ansted, cc Curt Church, Dave Noe, and Rob Enos, American Broadband (July 9, 2014, 10:44 a.m.) at ABT-OIG00020913.

³¹⁵ E-mail from Adam Jarvis, American Broadband, to Jack Roche, Jeffrey Ansted, cc Curt Church, Dave Noe, and Rob Enos, American Broadband (July 9, 2014, 11:07 a.m.) at ABT-OIG00020912 (stating also, “I’m partial to the former as I’m not one to try and hide mistakes, but the environment of a newly implemented NLAD would presumably involve leniency of oversight as companies work on their compliance procedures, so I could see the latter being a viable option”)

his call whether to report corrections or not.”³¹⁶ Roche later wrote, “Reporting deadline is 7th of the month for prior month if we want to get paid at month end (Which we do). It would be good to stop any erroneous reporting going forward and deal with the past (filing amended reports) after deciding.”³¹⁷

129. Again, two years later, on June 7, 2016, Jarvis e-mailed Enos concerning “the spreadsheet containing bad accounts that need purged.”³¹⁸ Jarvis wrote, “[t]he total is roughly 68,000 accounts that need to be purged.”³¹⁹ Jarvis stated, “[s]tarting today, we will disconnect 350 every day but to get through the entire list before the end of the year, the number needs to be 450 . . . it would be around 9,000-10,000 disconnects per month.”³²⁰

130. Based on Jarvis’s e-mail, the Bureau examined the Company’s disconnection orders to BeQuick for the period June 2016 through December 2016.³²¹ Based on the records in the Fusion database, from June 15, 2016 through August 30, 2016, an American Broadband employee disconnected more than 425 customers from its system nearly every day.³²² Additionally, from September 1 through December 30, 2016, Company employees continued to disconnect customers in Fusion,³²³ and as a result of the disconnections performed by American Broadband employees from June 2016 through December 2016, American Broadband de-enrolled tens of thousands of customers. In addition to the review of the data from BeQuick, the Bureau reviewed the list of subscribers relevant to the June 7, 2016 e-mail provided by American Broadband.³²⁴ The Bureau compared the list from American Broadband with the Company’s Subscriber Lists corresponding with the Forms 497 for data months August 2016 through December 2016. On its Forms 497 from August 2016 through December 2016, the Company continued to seek support for the balance of the customers that it had identified as to-be disconnected through its gradual, rolling disconnection process until the month that Company actually disconnected those customers in Fusion. Thus, the Company apparently sought Lifeline support for at least some of the to-be disconnected customers on each of its Form 497 from at least August 2016 through December 2016.

131. As indicated in Table 10, in data month August 2016, the Company apparently improperly sought Lifeline support for 7,458 subscribers that should have been de-enrolled by at least data month July 2016. The Company apparently requested support for at least 22,081 ineligible customers on its Forms 497 for data months August 2016 through December 2016. American Broadband apparently did not include these customers in its calculation of the overpayments from the Fund.

³¹⁶ E-mail from Jack Roche, American Broadband, to Adam Jarvis, Jeffrey Ansted, cc Curt Church, Dave Noe, and Rob Enos, American Broadband (July 9, 2014, 11:10 a.m.) at ABT-OIG00020912.

³¹⁷ E-mail from Jack Roche, American Broadband, to Adam Jarvis, Jeffrey Ansted, cc Curt Church, Dave Noe, and Rob Enos, American Broadband (July 9, 2014, 11:17 a.m.) at ABT-OIG00020908.

³¹⁸ E-mail from Adam Jarvis, American Broadband, to Rob Enos, American Broadband (June 7, 2016, 8:11 a.m.) at ABT-OIG01952746 (indicating that the spreadsheet “was on my previous hard-drive, so I recreated it overnight”).

³¹⁹ *Id.*

³²⁰ *Id.*

³²¹ “AMBT Bulk Disconnection” (Excel Spreadsheet) from BeQuick to Enforcement Bureau, FCC (Mar. 21, 2018).

³²² *Id.* During this period, BeQuick also de-enrolled subscribers from the Company’s Lifeline program.

³²³ *Id.*

³²⁴ See Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to Eric Phelps, FCC (July 12, 2018) at Attachment, ABT-OIG02187796.

Table 10: Subscribers that Should Have Been Purged (De-enrolled) in June 2016 - Based on Subscriber Lists Supporting Its Forms 497

	Aug. 2016	Sept. 2016	Oct. 2016	Nov. 2016	Dec. 2016
Number of Subscribers	7,458	5,794	4,047	2,802	1,980

132. On August 2, 2016, Enos sent an e-mail to Jarvis with the subject line “NLAD VS Fusion,” attaching an Excel spreadsheet.³²⁵ In the attachment, Enos compared the number of “Current Fusion (Non-NLAD) Subscribers” against “Current NLAD Subscribers.”³²⁶ According to data contained in the spreadsheet, the Company had nearly 77,000 more Non-NLAD subscribers in its Fusion database than it did in NLAD. Thus, according to data in the spreadsheet, the Company had nearly 77,000 “Invalid Fusion Customers.”³²⁷ In the spreadsheet, Enos communicated that “upon Purge of 45,000 subscribers,” the Company would have nearly 32,000 “Invalid Fusion Customers” or “9%.”³²⁸ In the e-mail, Enos stated “[i]t is our feeling that the 9% above can be directly tied to the TPIV approved challenges.”³²⁹ The next day, Enos wrote an e-mail to Ansted, including the data from the Excel spreadsheet.³³⁰ Enos wrote, “we believe that after the next 45k in que to be purged, we will have roughly 9% of our subscribers that were not put into the NLAD database but were approved when the TPIV was challenged.”³³¹ He continued,

What is vital . . . is to understand exactly how USAC is going to check against NLAD. That will tell us whether or not we can proceed under these assumptions or if we need to exhaust all efforts to try to reconcile NLAD against our database (and possibly purge the other 9% if that is the case).³³²

Thus, the Company apparently sought Lifeline support for subscribers that had never been enrolled in NLAD. Based on its records, when the Company was unsure whether 9% of its base were valid Lifeline subscribers, the Company still apparently opted to seek support for those customers.

133. In consideration of the Company’s “NLAD VS Fusion” e-mails, the Bureau reviewed the Company’s full Subscriber List (all SACs) for data month August 2016, the number of subscribers claimed on its August 2016 Form 497, and the subscriber records in NLAD. Based on our review, the Company sought support for 22,193 subscribers whose records were not in NLAD.³³³ Thus, the Company

³²⁵ E-mail from Rob Enos, American Broadband, to Adam Jarvis, American Broadband (Aug. 2, 2016, 2:04 p.m.) at ABT-OIG02140562.

³²⁶ *Id.*

³²⁷ *Id.*

³²⁸ *Id.*

³²⁹ *Id.*

³³⁰ E-mail from Rob Enos, American Broadband, to Jeffrey Ansted, American Broadband (Aug. 3, 2016, 2:32 p.m.) at ABT-OIG00005343.

³³¹ *Id.*

³³² *Id.*

³³³ The Bureau did not consider if or when the customers were enrolled in NLAD, and therefore the total here is relevant to only August 2016.

apparently violated section 54.407(a) of the Commission's rules which provides for USF support to ETCs based on the number of actual qualifying low-income customers that it serves directly.³³⁴

C. How American Broadband Used its Lifeline Support

134. From May 2009 through May 2018, American Broadband received Lifeline support totaling \$97,700,219.³³⁵ Pursuant to the Commission's rules, an ETC may receive Lifeline support for providing Lifeline support to a qualifying low-income subscriber, if the ETC certifies that it "will pass through the full amount of support to the qualifying low-income consumer."³³⁶ Additionally, an ETC must use the support only for its intended use.³³⁷ On the Form 498, ETCs must provide the financial institution and remittance information for the financial institution to which its USF support is to be deposited.³³⁸ From the Company's Form 498, the Bureau identified the financial institution where American Broadband maintained the account in which its Lifeline funds were deposited (Lifeline Deposit Account).³³⁹ Since the creation of the account, Jeffrey Ansted alone had signatory authority on the account. From at least January 2014 to April 2017, American Broadband received all of its Lifeline support into the Lifeline Deposit Account. As discussed below, Jeffrey Ansted transferred, by checks and wires, funds from the Lifeline Deposit Account to various other accounts, including Ansted's personal and trust accounts.

1. Jeffrey Ansted Apparently Used Funds from the Company's Lifeline Deposit Account for his Personal Benefit

135. Jeffrey Ansted apparently used Lifeline support for his personal benefit. From January 2014 to February 2017, Jeffrey Ansted authorized transfers totaling at least \$10 million from the Lifeline Deposit Account to several personal accounts and used funds transferred from the Lifeline Deposit account for personal purchases.³⁴⁰ For example, in April 2014, Jeffrey Ansted purchased a \$1.3 million condominium in Florida using funds transferred from the Lifeline Deposit Account for the purchase deposit.³⁴¹ On November 16, 2015, Jeffrey Ansted wired \$253,915.75 from the Lifeline Deposit Account to a personal account, and two days later, he purchased a \$250,000 convertible Ferrari 458 Spider.³⁴² In May and July 2015, Jeffrey Ansted used the Lifeline Deposit Account to pay for tens of thousands of dollars of landscaping fees.³⁴³ Additionally, Jeffrey Ansted used funds from (or transferred from) the Lifeline Deposit Account to pay for clothing, country club and yacht club memberships in Florida, and boat slip fees in Michigan.³⁴⁴

³³⁴ 47 CFR § 54.407(a) (2015). *See also* 47 CFR § 54.404(b)(6) (requiring ETCs to transmit certain information into the database for each new and existing Lifeline subscriber).

³³⁵ *See* Lifeline Disbursement Tool, <https://www.usac.org/li/tools/disbursements/results.aspx> (last visited May 28, 2018). This total includes wireline and wireless Lifeline service.

³³⁶ 47 CFR § 54.403(a)(1).

³³⁷ 47 CFR § 54.7 (providing that an ETC must use universal service support "only for the provision, maintenance, and upgrading of facilities and services for which the support is intended").

³³⁸ *See generally* FCC Form 498.

³³⁹ The Lifeline Deposit Account was a brokerage service account in the name of "American Broadband and Telecommunications."

³⁴⁰ American Broadband Bank Records, on file in EB-IHD-17-00023554.

³⁴¹ *Id.*

³⁴² Jeffrey Ansted titled and registered the Ferrari in his name. On file in EB-IHD-17-00023554.

³⁴³ American Broadband Bank Records, on file in EB-IHD-17-00023554. The fees totaled approximately \$65,000.

³⁴⁴ *Id.*

136. Jeffrey Ansted used money from the Lifeline Deposit Account toward the purchase of an \$8 million Cessna 525C jet. Specifically, on December 22, 2015, Jeffrey Ansted executed a purchase agreement for the jet, and on the same day, he wired a \$1 million deposit to the plane's manufacturer from the Lifeline Deposit Account.³⁴⁵ On January 29, 2016, Jeffrey Ansted wired an additional \$350,000 from the Lifeline Deposit Account to the plane's manufacturer.³⁴⁶

137. After the plane was delivered in March 2016, Jeffrey Ansted and his family used it for personal travel. As an example, on March 24, 2016, Jeffrey Ansted notified a relative that "[w]e have at least [one lacrosse] tourney at Towson this summer."³⁴⁷ Based on flight records for the jet, from June 17-19, 2016, at least one member of the Jeffrey Ansted family traveled round trip from Toledo, Ohio to Martin State Airport in Middle River, Maryland.³⁴⁸ According to a tournament schedule and team rosters, the lacrosse club that Jeffrey Ansted's eldest son played on participated in that lacrosse tournament in Towson, Maryland (approximately 13 miles from Martin State Airport) from June 17-19, 2016.

138. According to flight records, on March 26, 2017, Jeffrey Ansted, his wife, and youngest child flew from Toledo Express Airport to Owen Roberts International Airport (the Grand Cayman Island).³⁴⁹ The family returned to Toledo four days later.³⁵⁰ On March 30, 2017, a family member posted a photo showing Ansted's family on a beach; the photo's location was tagged "Grand Cayman Island."³⁵¹

139. On February 5, 2017, Jeffrey Ansted, relatives, and friends traveled to Toronto, Canada.³⁵² As detailed in the flight manifests, the relatives and friends remained in Toronto, but shortly after arriving in Toronto, Jeffrey Ansted and another family member flew to Philadelphia, Pennsylvania.³⁵³ Based on flight records, the jet returned to Toronto to pick-up the other family members and friends for a flight back to Toledo.³⁵⁴

140. As detailed in flight records, Jeffrey Ansted and his family used the jet to make at least nine trips to Florida between March 2016 and April 2017.³⁵⁵ On December 27, 2016, at least one member of the Ansted family flew from Toledo, Ohio, to Sarasota-Bradenton International Airport in Florida,³⁵⁶ which is near the family's condominium that was purchased with funds transferred from the Lifeline Deposit Account, and also where Jeffrey Ansted had memberships at a nearby golf club and yacht club memberships which were paid, in part, by funds from the Lifeline Deposit Account.³⁵⁷

³⁴⁵ *Id.*

³⁴⁶ Jeffrey Ansted titled and registered the jet under his holding company, Glenmore-Tuscarauras. American Broadband leased the jet from Glenmore-Tuscarauras and provided funds from the Lifeline Deposit Account for the maintenance, fuel, and ownership costs associated with the jet's operations. *See supra* Section II.B.1.

³⁴⁷ E-mail from Julie Healy to Jeffrey Ansted, American Broadband (Mar. 24, 2016, 12:34 p.m.) at ABT-OIG00004083.

³⁴⁸ On file in EB-IHD-17-00023554.

³⁴⁹ On file in EB-IHD-17-00023554.

³⁵⁰ On file in EB-IHD-17-00023554.

³⁵¹ American Broadband Bank Records, on file in EB-IHD-17-00023554.

³⁵² On file in EB-IHD-17-00023554.

³⁵³ On file in EB-IHD-17-00023554.

³⁵⁴ On file in EB-IHD-17-00023554.

³⁵⁵ *See* Appendix C.

³⁵⁶ The following day, an Ansted family member posted on a social media site a photo of a beach; the photo's location was tagged Longboat Key, Florida.

³⁵⁷ On file in EB-IHD-17-00023554.

IV. DISCUSSION

141. Based on evidence developed in this Investigation, American Broadband apparently willfully and repeatedly violated sections 54.404(b)(1), (2), 54.405(e)(1)-(3), 54.407(a), (c), (d), (e), and 54.410(a) and (c) of the Commission's rules. The Company's agents apparently created improper Lifeline accounts, by, among other things, enrolling duplicate customers and deceased individuals. Month after month, the Company filed its Forms 497, continually seeking support for identified, improper Lifeline accounts. The Company also apparently failed to de-enroll ineligible non-usage subscribers and benefit transfers, as well as failed to de-enroll subscribers that it knew were no longer eligible to receive Lifeline benefits. Additionally, the Company generally lacked policies and procedures to ensure compliance with the Commission's rules governing, among other things, subscriber enrollment and de-enrollments. The Company made certain Admissions to the Commission and offered assurances that it had resolved all issues that resulted in it improperly receiving more than \$13 million from the Fund. However, the Company apparently continued to violate the Commission's rules after August 2016, and the Company's noncompliance was apparently far more extensive than it reported to the Commission.

A. American Broadband's Agents Apparently Created Improper Lifeline Enrollments and the Company Apparently Knowingly Sought and Received USF Support for those Ineligible Enrollments

142. American Broadband apparently violated sections 54.404(b)(2) and (3) of the Commission's rules, which provide that an ETC "must not provide and shall not seek or receive Lifeline reimbursement" for a subscriber who "is currently receiving Lifeline service" and "must not seek and will not receive Lifeline reimbursement" for providing Lifeline service to an individual residing where "another individual . . . is currently receiving a Lifeline service" unless that individual has certified that no one in his or her household is already receiving Lifeline service.³⁵⁸ The Company also apparently violated: (1) section 54.410(a), which mandates that ETCs implement policies and procedures to ensure that their subscribers are eligible to receive Lifeline service; (2) sections 54.410(a)(1) and (2), which instruct ETCs to confirm that their subscribers are qualifying low-income subscribers, as defined by program rules;³⁵⁹ and (3) sections 54.410(b)(1)(ii) and (c)(1)(ii), which require ETCs to securely retain copies of the documentation demonstrating customers' income-based or program-based eligibility. Based upon the Bureau's analysis of American Broadband's Forms 497 and Subscriber Lists for data months August 2016 through December 2016, the Company apparently sought and received Lifeline support for thousands of improper Lifeline enrollments.

1. American Broadband Apparently Knowingly Sought Lifeline Support for Improper Lifeline Enrollments

143. American Broadband contracted with master agents to enroll its customers into the Lifeline program, and the Company is responsible for those agents and any of their conduct that violates the Commission's rules.³⁶⁰ American Broadband's agents apparently manipulated names, addresses, SSNs, and DoBs to improperly enroll consumers into the Lifeline program.³⁶¹ Based on Company records

³⁵⁸ 47 CFR § 54.404(b)(2)-(3).

³⁵⁹ 47 CFR § 54.410(a) (requiring an ETC to confirm that "the consumer is a qualifying low-income consumer pursuant to § 54.409" and complete the "eligibility determination and certifications" required by program rules). *See also* 47 CFR § 54.403(a)(1) (stating that the basis Lifeline support amount "will be made available to an [ETC] providing Lifeline service to a qualifying low-income consumer").

³⁶⁰ *Lifeline and Link Up Modernization and Reform*, WC Docket No. 11-42, Order, 28 FCC Rcd 9057 (WCB 2013); FCC Enforcement Advisory, 28 FCC Rcd 9022 (EB 2013).

³⁶¹ *See supra* Section III.A.1; 47 CFR § 54.404(b)(6) (providing that an ETC must transmit to NLAD "each new and existing Lifeline subscriber's full name . . . full residential address . . . date of birth and the last four digits of the subscriber's Social Security number").

submitted to the Bureau, American Broadband offered little or no training to its master agents but it allowed those master agents to supervise and train subagents, who enrolled most of the Company's Lifeline customers in the period February 2014 to December 2016.

144. By at least August 2014, American Broadband had concerns about compliance as it related to at least one of its master agents, Dadou.³⁶² That same month, Jarvis and Enos discussed the need for an employee to verify inbound orders to ensure that the Company remained compliant.³⁶³ By at least December 2015, American Broadband had an employee in place reviewing agents' Lifeline orders, and that employee, regularly communicated to the Company's management instances of apparent non-compliance by the Company's agents.

145. American Broadband's management was apparently aware that agents hired to enroll Lifeline subscribers for the Company were manipulating personal information to create additional Lifeline enrollments. On December 17, 2015, Smith wrote to Jarvis about "Shady" accounts.³⁶⁴ On January 25, 2016, Smith e-mailed Jarvis about "Potential fraudulent accounts,"³⁶⁵ identifying accounts that appeared to include "attempts to bypass duplicate SAC errors and/or attempts to inflate the agent's numbers."³⁶⁶ On February 22, 2016, Smith e-mailed Jarvis about "Shady Practices," writing that agents were trying to "skirt the system and submit accounts that should not go through."³⁶⁷ On March 7, 2016, Smith e-mailed M. Ansted and Enos, indicating that approximately "36% of Saher's accounts have added suffixes/middle initials" and "several of the accounts are duplicates."³⁶⁸ On March 23, 2016, M. Ansted forwarded to Jeffrey Ansted an Excel file which highlighted apparent manipulations on the names, DoBs, and SSNs of Lifeline enrollments by subagents of 12 different master agents.³⁶⁹

146. American Broadband's agents also apparently manipulated address information to create improper Lifeline enrollments. By at least March 2016, American Broadband apparently knew that its agents were not complying with the one-per-household requirement. In March 2016, Smith notified, among others, the Company's Vice President of Operations, about the number of individuals that agents had enrolled at "normal residential houses, not even apartments."³⁷⁰ In April 2016, the Company's Director of Wireless Operations contacted the Company's Lifeline vendor, BeQuick, to limit the number

³⁶² E-mail from Adam Jarvis, American Broadband, to Jeffrey Ansted, American Broadband (Aug. 5, 2014, 8:32 p.m.) at ABT-OIG00005867.

³⁶³ E-mail from Adam Jarvis, American Broadband, to Rob Enos, American Broadband (Aug. 1, 2014, 9:37 a.m.) at ABT-OIG02061921, ABT-OIG02061922.

³⁶⁴ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, American Broadband (Dec. 17, 2015, 11:35 a.m.) at ABT-OIG01298871. Smith communicated that the letter "I" had been had been added to first and last names of enrolled individuals, "with the probable intent to get around a duplicate SAC error."

³⁶⁵ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, America Broadband (Jan. 25, 2016, 4:12 p.m.).

³⁶⁶ *Id.* Among other things, Smith detailed that agents had added initials and suffixes to names.

³⁶⁷ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, America Broadband (Feb. 22, 2016, 12:25 p.m.).

³⁶⁸ E-mail from Colleen Smith, American Broadband, to Mike Ansted and Rob Enos, American Broadband (Mar. 7, 2016, 9:51 a.m.). Smith provided a similar notice the next day, indication that approximately 47% of Saher's accounts had added suffixes and approximately 17% of his accounts were duplicates. *See* E-mail from Colleen Smith, American Broadband, to Mike Ansted and Rob Enos, American Broadband (Mar. 8, 2016, 9:26 a.m.).

³⁶⁹ E-mail from Mike Ansted, American Broadband, to Jeffrey Ansted and Rob Enos, American Broadband (Mar. 23, 2016, 2:09 p.m.) (attaching a spreadsheet and writing, "I had Colleen do the forensics and I put the summary together").

³⁷⁰ E-mail from Colleen Smith, American Broadband, to Adam Jarvis, Rob Enos, and Mike Ansted, American Broadband (Mar. 22, 2016, 9:54 a.m.) at ABT-OIG00123062.

of subscribers at a single address, “because we continue to end up with too many orders at the same address.”³⁷¹

147. Under program rules, each subscriber must provide proof of his/her eligibility to receive a Lifeline benefit, and as part of the consumer qualification, a consumer may provide evidence of its participation in certain programs, such as the SNAP program.³⁷² Program rules, require ETCs to review eligibility documentation for prospective subscribers’ whose eligibility cannot be verified using an eligibility database.³⁷³ However, American Broadband’s agents apparently enrolled more than one individual using the same SNAP card. As discussed above, in at least two states/territories, American Broadband’s agents reused SNAP cards to enroll multiple individuals.³⁷⁴ In June 2016, American Broadband contacted USAC concerning the use of SNAP cards as proof of Lifeline eligibility.³⁷⁵ In the same month, Smith notified Company management that agents had reused SNAP cards in both Puerto Rico and Illinois. Despite notice that some of the subscribers were ineligible based on program rules, American Broadband continued to seek support for some of the apparently ineligible subscribers on its Forms 497 through at least December 2016.

148. American Broadband’s agents also apparently enrolled deceased individuals into the Lifeline program.³⁷⁶ As discussed above, most of the deceased individuals had died years before their “enrollment” in the Company’s Lifeline program. Even after the Company was made aware that at least one agent had enrolled deceased individuals, the Company continued to request and receive USF support for many of those individuals from at least August 2016 through December 2016. In August 2016 alone, the Company sought Lifeline support for more than 12,500 deceased subscribers.

149. Based on these e-mails and other communications, American Broadband was aware of its agents’ conduct, yet based a review of the Company’s Forms 497 and corresponding Subscriber Lists, the Company repeatedly filed claims for support for enrollment that its own compliance personnel questioned. The Company repeatedly filed claims for enrollments created by agents who were repeatedly identified as creating questionable (“fraudulent” or “shady”) accounts. By manipulating personal information, reusing program eligibility documents, and enrolling deceased individuals, American Broadband agents bypassed the rules and procedures established by the Commission and USAC to protect the Fund from waste, fraud, and abuse. The Company continued to permit problem agents to enroll individuals into the Lifeline program. Even in instances where the Company fired an agent for improper conduct, the Company continued to seek Lifeline support for the agents’ improper enrollments.³⁷⁷

150. Effective February 17, 2016, the Commission required ETCs to retain documentation used to verify subscriber eligibility, as well as documentation used to verify consumer income-based eligibility.³⁷⁸ American Broadband repeatedly failed to comply with these requirements. As demonstrated in the Bureau review of the Company’s S M enrollments, the Company often failed to retain the required documents.³⁷⁹ Even with documented proof that agents had enrolled the same

³⁷¹ American Broadband BeQuick Ticket #5485 Max Orders at Address (Apr. 27, 2016). *See supra* Section III.A.1.

³⁷² 47 CFR § 54.409(a)(2).

³⁷³ 47 CFR § 54.410(c)(1)(B).

³⁷⁴ *See supra* Section III.A.1.

³⁷⁵ E-mail from Colleen Smith, American Broadband, to Tiffany Brady, USAC Lifeline Program, cc Mike Ansted, American Broadband (June 6, 2016, 5:36 p.m.) at ABT-OIG00527613.

³⁷⁶ *See supra* Section III.B.1.

³⁷⁷ *See supra* Section III.A.1.

³⁷⁸ 47 CFR §§ 54.404(b)(11), 54.410(b)(1)(ii), (c)(1)(ii).

³⁷⁹ *See supra* Section III.A.1.

individual more than once, the Company still apparently sought and received support for the improper enrollments.

151. Based on the Bureau's review of the Company's Form 497 and the corresponding Subscriber List, in August 2016, the Company apparently sought and received Lifeline support for at least 18,894 improper enrollments. Lifeline support is only available to an ETC "based on the number of actual qualifying low-income consumers it serves."³⁸⁰ American Broadband therefore acted in contravention of section 54.407(a). We also find that the Company apparently violated sections 54.404(b)(2), 54.407(d), and 54.410(a)(1), (b)(1)(ii), (c)(1)(ii). Based on the number, nature and duration of the Company's apparent violations, we find that the Company acted without regard for the Commission's rules governing the enrollment of subscribers and receipt of Lifeline support.

B. American Broadband Apparently Failed to Properly De-Enroll Ineligible Subscribers from its Lifeline Program, but Apparently Continued to Seek and Receive Lifeline Support for those Subscribers

152. Pursuant to section 54.405 of the Commission's rules, an ETC must de-enroll subscribers in certain instances, including when the subscriber fails to use the benefit for sixty consecutive days or timely cure their non-usage as required under program rules or when USAC/NLAD notifies the ETC to de-enroll a subscriber.³⁸¹ American Broadband apparently repeatedly violated section 54.405 by failing to de-enroll ineligible subscribers. As discussed, the Company repeatedly sought Lifeline support for subscribers that it knew or should have known needed to be de-enrolled.

1. American Broadband Apparently Failed to De-enroll ineligible Non-Usage Subscribers

153. American Broadband apparently violated (1) section 54.405(e)(3) of the Commission's rules, which required an ETC to de-enroll a Lifeline subscriber who "fails to use . . . Lifeline service for 60 consecutive days," and does not cure their non-usage during the notice period and (2) section 54.407(c)(2) by continuing to seek Lifeline support for subscribers who had failed to use their Lifeline service.³⁸²

154. In its Admissions to the Commission, American Broadband indicated that it had only "recently detected issues" with the "removal of subscribers who were terminated for non-usage from the Company's subscriber list."³⁸³ However, based on Company records, in December 2014, the Company learned that a significant number of its subscribers were "showing no usage . . . due to the system rating inbound calls that go to voice-mail as outbound calls and therefore falsely continuing a subscriber's service that should have been disconnected for no usage."³⁸⁴ At that time, the Company believed that it had more than 18,000 customers within that category of ineligible subscribers. At that time, based on internal e-mails, the Company chose not to immediately correct or report the issue to USAC or the Commission. Instead, the Company continued to seek Lifeline support for the ineligible non-usage subscribers. As demonstrated, based on our review of the Company's Subscriber Lists, the Company continued to claim some of those ineligible non-usage subscribers for two full years, through at least December 2016.

155. American Broadband apparently lacked the policies and procedures necessary to ensure its compliance with the Commission's non-usage requirements. The Company maintained that it had

³⁸⁰ 47 CFR § 54.407(a) (2014). *See also* 47 CFR § 54.503(a)(1) (stating that Lifeline support "will be made available to an [ETC] providing Lifeline service to a qualifying low-income consumer").

³⁸¹ 47 CFR § 54.405 (2015).

³⁸² 47 CFR §§ 54.405(e)(3) (2015), 54.407(c)(2).

³⁸³ Sept. 16 Letter.

³⁸⁴ *See supra* Section III.B.1.

changed its policies and procedures to prevent claims for ineligible non-usage subscribers.³⁸⁵ However, based on our review of the Company's Subscriber Lists, from August 2016 through December 2016, a period after which the Company represented that it had corrected issues related to seeking support for ineligible non-usage subscribers, the Company apparently sought and received Lifeline support for more than 1,500 ineligible non-usage subscribers.³⁸⁶ Thus, in addition to apparently violating sections 54.405(e)(3) and 54.407(c)(2) for failing to de-enroll ineligible non-usage subscribers, the Company also apparently violated section 54.410(a) of the Commission's rules by failing to "implement policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services."³⁸⁷

2. American Broadband Failed to De-enroll Subscribers Who Had Transferred their Lifeline Benefit to Another Carrier

156. Pursuant to section 54.405(e)(1) of the Commission's rules, if an ETC has a reasonable basis to believe that a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer, the ETC must notify the subscriber and de-enroll the subscriber if the subscriber fails to demonstrate eligibility by the deadline in the rules. American Broadband apparently violated section 54.405(e)(1).³⁸⁸

157. As discussed above, in early March 2014, American Broadband began to receive notices from USAC/NLAD concerning benefit transfers.³⁸⁹ Several members of the Company's management team received the communications directly from USAC or other members of the team. Despite the fact that high-level officials within the Company received the communication from USAC, the Company failed to de-enroll the transferred subscribers from its Lifeline program. In fact, based on the Company's Form 497 Subscriber Lists, the Company sought Lifeline support for one benefit transfer subscriber continuously from April 2014 through October 2014. In early March 2014, the Company had received notice of only one benefit transfer. Despite having only one benefit transfer subscriber to remove from its program, the Company failed to do so.³⁹⁰

158. Later in March 2014, the Company had received notices indicating that 24 subscribers had transferred their Lifeline service to another carrier. Again, the Company continued to seek Lifeline support for those subscribers even after it received notice from USAC. Between March 2014 through July 2016, American Broadband received thousands of benefit transfer notices from USAC. American Broadband apparently never implemented policies and procedures to ensure the proper resolution of benefit transfers. It apparently failed to stop seeking Lifeline support for ineligible benefit transfer subscribers. The Company's issues with benefit transfers continued to grow during this period.³⁹¹

159. Even after the Company reported to the Commission that it had amended its policies and procedures to resolve problems with benefit transfers, the Company continued to seek Lifeline support for ineligible benefit transfer subscribers. In reviewing the Company's Subscriber Lists for August 2016 through December 2016, the Company apparently sought and received support for more than 3,700 ineligible benefit transfer subscribers.³⁹² Thus, from at least August 2016 through December 2016, the Company apparently violated section 54.405 of the Commission's rules.

³⁸⁵ See Sept 23 Letter.

³⁸⁶ See *supra* Section III.B.1.

³⁸⁷ 47 CFR § 54.410(a).

³⁸⁸ 47 CFR § 54.405(e)(1).

³⁸⁹ See *supra* Section III.B.2.

³⁹⁰ *Id.*

³⁹¹ *Id.*

³⁹² *Id.*

3. American Broadband Apparently Failed to De-enroll Subscribers that Its Records Indicated Should Have Been De-enrolled

160. Based on the record developed in this case, American Broadband's management also engaged in conduct which allowed the Company to receive more Lifeline support than it was entitled to under program rules. The Company apparently violated section 54.405(e)(1), which requires that, "If an [ETC] has a reasonable basis to believe that a Lifeline subscriber no longer meets the criteria," the ETC must de-enroll the consumer³⁹³ and it apparently acted in contravention of section 54.407(a), which provides for universal service support to an ETC "based on the number of actual qualifying low-income consumers it serves."³⁹⁴

161. As discussed above, on several occasions between May 2014 and June 2016, American Broadband's management became aware of inconsistencies with its subscriber counts.³⁹⁵ In each case, American Broadband apparently chose not to report the issues, but instead prioritized seeking Lifeline support from the Fund.

162. In May 2014, the Company became aware that 11% of its Ohio subscribers were duplicates. The Company's Lifeline Operations manager wrote, "[w]hile they do state they de-enroll the subscribers from NLAD immediately, the section above alludes that you may claim them on the June Form 497."³⁹⁶ Ansted responded: "Yes. We are on the same page. Disconnect them on June 1, so we can claim them on the June 497 form."³⁹⁷

163. In July 2014, upon learning that its database included ineligible subscribers, the Company's Director of Finance wrote, "Reporting deadline is 7th of the month for prior month if we want to get paid at month end (Which we do) . . . It would be good to stop any erroneous reporting going forward and deal with the past . . . after deciding."³⁹⁸ The Company's Lifeline Operations manager wrote, "[t]he ones we disconnect, we can either come clean and notify USAC of our mistake . . . or we can let it ride and ask forgiveness if they appear on an official audit."³⁹⁹ In this instance, the record is unclear as to what the Company did; however, in each similar situation, the Company apparently elected to claim the customers on its Forms 497.

164. In June 2016, the Company realized that it had approximately 68,000 subscriber accounts that needed to be purged.⁴⁰⁰ Instead of timely removing the accounts, as required by program rules, the Company decided to disconnect 350 to 450 subscribers "every day . . . to get through the entire list before the end of the year."⁴⁰¹ During the Investigation, the Bureau sought and American Broadband provided

³⁹³ 47 CFR § 54.405(e)(1).

³⁹⁴ 47 CFR § 47.407(a) (2015).

³⁹⁵ See *supra* Section III.B.3.

³⁹⁶ *Id.*

³⁹⁷ E-mail from Jeffrey Ansted, American Broadband, to Adam Jarvis, cc Dave Noe and Jack Roche, American Broadband (May 29, 2014, 9:58 a.m.) at ABT-OIG00084347.

³⁹⁸ E-mail from Jack Roche, American Broadband, to Adam Jarvis, Jeffrey Ansted, cc Curt Church, Dave Noe, and Rob Enos, American Broadband (July 9, 2014, 11:17 a.m.) at ABT-OIG0020908.

³⁹⁹ E-mail from Adam Jarvis, American Broadband, to Jack Roche, Jeffrey Ansted, cc Curt Church, Dave Noe, and Rob Enos, American Broadband (July 9, 2014) at ABT-OIG00020908.

⁴⁰⁰ See *supra* Section III.B.3.

⁴⁰¹ E-mail from Adam Jarvis, American Broadband, to Rob Enos, American Broadband (June 7, 2016, 8:11 a.m.) at ABT-OIG1952746 (indicating that the spreadsheet "was on my previous hard-drive, so I recreated it overnight").

Additionally, as discussed above, in August 2016, the Company learned that it had nearly 77,000 more subscribers in its Fusion system than it did in NLAD, the Company's Vice President of Operations wrote, "[w]hat is vital . . . is
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information concerning the 68,000 subscribers.⁴⁰² American Broadband apparently sought support for more than 22,000 ineligible subscribers in data month August 2016.

165. That pattern continued into the time period scrutinized for the proposed forfeiture here. Based on a comparison of the information related to the approximately 68,000 customers and the Company's Subscriber Lists for August 2016 through December 2016, American Broadband apparently sought and received Lifeline support for subscribers, who based on its own review, should have been de-enrolled from its Lifeline program. As detailed in Table 10, in data months August 2016 through December 2016, on its Forms 497, American Broadband sought and received support for thousands of claims related to ineligible subscribers. Thus, from at least August 2016 through December 2016, American Broadband apparently violated the Commission's rule governing the de-enrollment of subscribers.⁴⁰³

166. Subsequently, in August 2016, the Company learned that it had more subscribers in its Lifeline database than in NLAD. According to Company's Director of Sales, after purging an additional 45,000 subscribers, "roughly 9%" of the Company's subscribers were not in NLAD.⁴⁰⁴ Based on this statement, the Bureau compared the Company's August 2016 Subscriber List with the Company's subscriber records in NLAD. Based on this comparison, the Bureau determined that, in data month August 2016, the Company apparently sought Lifeline support for 22,193 Lifeline accounts that had not been enrolled in NLAD, as required by the Commission's rules.⁴⁰⁵

167. In consideration of this data, we find that the Company apparently failed to (1) "implement policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services," (2) failed to comply with all the rules of the Lifeline program, and (3) failed to comply with the Commission's rules governing de-enrollment and receipt of support from the Lifeline program.⁴⁰⁶ The Company's apparent conduct suggests a total disregard for the Commission's rules.

C. Joint and Several Liability for American Broadband and Jeffrey Ansted is Appropriate

168. Based upon the facts and circumstances of this case, American Broadband and Jeffrey Ansted are jointly and severally liable for any forfeiture penalties.

169. The Commission may "pierce the corporate veil" and hold one entity or individual liable for the acts or omissions of a different, related entity when: (1) there is a common identity of officers, directors or shareholders; (2) there is common control between the entities; and (3) it is necessary to preserve the integrity of the Communications Act and to prevent the entities from defeating the purpose of

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to understand exactly how USAC is going to check against NLAD. That will tell us whether . . . we need to exhaust all efforts to try to reconcile NLAD against our database (and possibly purge the other 9% if that is the case)." E-mail from Rob Enos, American Broadband, to Adam Jarvis, American Broadband (Aug. 2, 2016, 2:04 p.m.) at ABT-OIG02140562.

⁴⁰² See Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to Eric Phelps, FCC (July 12, 2018) at ABT-OIG02187796.

⁴⁰³ 47 CFR § 54.405(e).

⁴⁰⁴ E-mail from Rob Enos, American Broadband, to Jeffrey Ansted, President, American Broadband (Aug. 3, 2016, 2:32 p.m.) at ABT-OIG00005343.

⁴⁰⁵ 47 CFR § 54.404(b)(6) (stating that ETCs must transmit to NLAD "each new and existing Lifeline subscriber's full name; full residential address . . . the date on which the Lifeline service was initiated"). The Bureau did not attempt to ascertain if the Company properly enrolled the 22,193 after August 2016. However, as the subscribers were not enrolled in NLAD at the time that the Company filed its data month August 2016 Form 497, the Company apparently improperly received support for those subscribers.

⁴⁰⁶ 47 CFR §§ 54.405(e), 54.407(a), (c), (d), 54.410(a), 54.417(a).

statutory provisions.⁴⁰⁷ For example in *Telseven*, the Commission held the sole owner of the company individually liable as an “egregious violator[] of the Act who create[d] sham corporate forms to evade liability.”⁴⁰⁸

170. Here, American Broadband is apparently the corporate vehicle for the activities of one person, Jeffrey Ansted. In all material respects, the evidence shows that Jeffrey Ansted alone controls American Broadband. At all times relevant to the violations described in this NAL, Jeffrey Ansted shared a common identity with and control over American Broadband. During the relevant period, Jeffrey Ansted apparently maintained exclusive control of American Broadband in its business matters. From at least January 2014, Jeffrey Ansted was the exclusive shareholder of American Broadband.⁴⁰⁹ He served as American Broadband’s president and CEO.⁴¹⁰ He oversaw the submission of and certification of apparently inaccurate Forms 497 that resulted in American Broadband improperly receiving millions of dollars in USF support.⁴¹¹ During the relevant period, Jeffrey Ansted signed and certified all of the Company’s Forms 497.

171. Likewise, Jeffrey Ansted maintained control over the Company’s finances. He maintained control over the Company’s Lifeline Deposit Account; and he held sole signatory authority of the Lifeline Deposit Account.⁴¹² Although that account was in the name of American Broadband, Jeffrey Ansted determined the amounts and times that funds would be directed to himself and to the Company. Ansted directed millions of dollars in transfers and purchases directly from the Lifeline Deposit Account for expenditures that benefited himself and/or his family. For example, Jeffrey Ansted transferred money from the Lifeline Deposit Account and to a personal account to purchase a convertible Ferrari and he wired money from the Lifeline Deposit Account to purchase a private jet. Additionally, Jeffrey Ansted directed funds from the Lifeline Deposit Account to the Company’s operating account, and from that account, he made cash withdrawals and paid for country club memberships.⁴¹³

172. The facts and circumstances in this case require us to disregard the separate identities of American Broadband and Jeffrey Ansted to ensure the integrity of the Lifeline program. The Commission must adhere to the Congressional mandate that universal service support, including Lifeline support, “be specific, predictable and sufficient.”⁴¹⁴ As discussed above, we find that American Broadband apparently violated several sections of the Commission’s rules, and in so doing, received more Lifeline support than it was entitled to obtain which Jeffrey Ansted apparently used not to provision Lifeline service but for his personal use. Holding Jeffrey Ansted personally liable for the forfeiture penalty furthers the Commission’s goals of properly enforcing Lifeline program rules.⁴¹⁵ Accordingly, we

⁴⁰⁷ See *TelSeven, LLC, Patrick B. Hines*, Forfeiture Order, 31 FCC Rcd. 1629, 1633-36 (2016) (*TelSeven Forfeiture Order*); see also *TelSeven, LLC, Patrick B. Hines*, Notice of Apparent Liability for Forfeiture, 27 FCC Rcd. 6636, 6649-50 (2012).

⁴⁰⁸ See *TelSeven Forfeiture Order*, 31 FCC Rcd at 1634, para. 13.

⁴⁰⁹ See *supra* Section II.B.1.

⁴¹⁰ *Id.*

⁴¹¹ *Id.*

⁴¹² See *supra* Section III.C.1.

⁴¹³ *Id.*

⁴¹⁴ 47 U.S.C. § 254(b)(5).

⁴¹⁵ See *Telseven Forfeiture Order*, 31 FCC Rcd at 1636, para. 19 (providing, “[i]n an investigation such as this one, where the corporate enterprise was designed to carry out the fraudulent activities of one person ... we find that the purpose of the statute would otherwise be frustrated if we permitted Patrick Hines to hide behind his corporate entities and avoid personal liability for such statutory violations”); *Ernesto Bustos Licensee of Station WTBL-CD Lenoir, North Carolina*, Forfeiture Order, 29 FCC Rcd at 1898, 1900 (2014) (finding that “Catawba Broadcasting and Ernesto Bustos are the same ‘person’” and stating that “[a] corporation will be looked upon as a legal entity

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find that American Broadband and Jeffrey Ansted are jointly and severally liable for the resulting forfeiture, as well as any reimbursements to the Fund.

V. PROPOSED FORFEITURE

173. In light of American Broadband's apparent violations of the Commission's rules, we propose a forfeiture penalty pursuant to Section 503(b) of the Act, which authorizes the Commission to assess a forfeiture penalty against a telecommunications carrier of up to \$196,387 for each violation or each day of a continuing violation, up to a statutory maximum of \$1,963,870 for a single act or failure to act.⁴¹⁶ The Commission retains the discretion to issue forfeitures on a case-by-case basis, under its general forfeiture authority contained in Section 503 of the Act.⁴¹⁷ In determining the appropriate forfeiture amount, the Commission considers the factors enumerated in section 503(b)(2)(E) of the Act, including "the nature, circumstances, extent, and gravity of the violation and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require,"⁴¹⁸ as well as our forfeiture guidelines.⁴¹⁹

174. Based on the facts and record in this case, we have determined that American Broadband apparently: (1) created improper Lifeline enrollments by manipulating personal identifying information and improperly enrolling deceased individuals; (2) failed to de-enroll subscribers that the Company knew were no longer eligible to receive a Lifeline support; (3) failed to implement policies and procedures for ensuring that its subscribers were eligible to receive Lifeline support; and (4) failed to maintain records to document compliance with the Commission's requirements, in apparent violation of sections 54.404(b), 54.405(e)(1) - (3), 54.410(b)(1)(ii) and (c)(1)(ii) of the Commission's rules. Also, as discussed above, we determined that the Company apparently filed Forms 497 seeking support for ineligible Lifeline accounts, in apparent violation of section 54.407 of the Commission's rules. With respect to the filing of improper Forms 497, we find that these apparent violations occurred, at a minimum, beginning in March 2014 and continued at least through December 2016—notwithstanding the Company's August 2016 indication to WCB that it had implemented new policies and procedures to prevent future submissions of inaccurate

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'until sufficient reason to the contrary appears; but, when the notion of legal entity is used to defeat public convenience, justify wrong, protect fraud, or defend crime, the law will regard the corporation as an association of persons.'").

⁴¹⁶ See 47 U.S.C. § 503(b)(2)(B); 47 CFR § 1.80(b)(2). These amounts reflect inflation adjustments to the forfeitures specified in Section 503(b)(2)(B) of the Act (\$100,000 per violation or per day of a continuing violation, up to a statutory maximum of \$1,000,000 per any single act or failure to act). See *Amendment of Section 1.80(b) of the Commission's Rules: Adjustment of Civil Monetary Penalties to Reflect Inflation*, Order, 33 FCC Rcd 46 (EB 2018) (2018 Inflation Adjustment Order); see also *Adjustment of Civil Monetary Penalties to Reflect Inflation*, 83 Fed. Reg. 4600 (Feb. 1, 2018). Additionally, the 2015 Inflation Adjustment Act provides that the new penalty levels shall apply to penalties assessed after the effective date of the increase, "including [penalties] whose associated violation predated such increase." Pub. L. No. 114-74, § 701, 129 Stat. 584, 599 (the 2015 Inflation Adjustment Act amended the Federal Civil Penalties Inflation Adjustment Act of 1990, which is codified, as amended, at 28 U.S.C. § 2461).

⁴¹⁷ See 47 U.S.C. § 503(b)(6)(B) ("No forfeiture penalty shall be determined or imposed against any person under this subsection if . . . the violation charged occurred more than 1 year prior to the date of the issues of the required . . . notice of apparent liability."); see, e.g., Letter signed by Rakesh Patel, USF Strike Force and John Heitmann, Counsel for American Broadband (May 2018) (stating that for purposes of calculating the statute of limitations, pursuant to 47 U.S.C. § 503(b)(6), the parties agree that any limitations period for the possible violations as set forth in the preamble of this Agreement shall be tolled until October 28, 2018) (Sixth Tolling Agreement).

⁴¹⁸ 47 U.S.C. § 503(b)(2)(E).

⁴¹⁹ See 47 CFR § 1.80(b)(8); Note to Paragraph (b)(8): Guidelines for Assessing Forfeitures.

Forms 497 and in its August 2016 Form 497 filing, it had removed all subscribers associated with the relevant issues.⁴²⁰

175. We believe a significant forfeiture is appropriate, and we calculate a proposed forfeiture to account for the egregiousness of the harm caused by the Company's conduct and to serve as both a punishment and a deterrent to future wrongdoing. In other cases involving apparent mass fraud, the Commission has applied a forfeiture of \$1,000 per verified violation. For example, in the *Abramovich NAL*, the Commission applied a based forfeiture in the amount of \$1,000 per unlawful spoofed robocall, providing "any proposed forfeitures in such cases must reflect the exponential harm associated with large-scale spoofing operations where the spoofer has the intent to defraud, cause harm, or wrongfully obtain something of value."⁴²¹ In this case, American Broadband apparently intended to defraud the Fund and wrongfully obtained universal service support. Given the similarity in harm, the large-scale misconduct, and the apparent intent to defraud, we apply here the same forfeiture methodology proposed in the *Abramovich* case.⁴²² We propose a base forfeiture in the amount of \$1,000 per unique improper Lifeline account claimed on the Company's Form 497.⁴²³ We multiply the base forfeiture value of \$1,000 by each of the 42,309 improper claims/subscribers⁴²⁴ for which American Broadband sought support in August 2016, for a total base forfeiture of \$42,309,000 for which American Broadband and Jeffrey Ansted are apparently liable.⁴²⁵

176. Additionally, based on the egregious conduct discussed in detail above, we find that the circumstances in this case merit a significant upward adjustment.⁴²⁶ American Broadband's violations of

⁴²⁰ Sept. 16 Letter at 2. See *supra* Sections III.A-III.B; see also 47 CFR § 1.80(c) (imposing limits on the time when a forfeiture proceeding may be initiated).

⁴²¹ See *Adrian Abramovich, Marketing Strategy Leaders, Inc., and Marketing Leaders, Inc.*, 32 FCC Rcd. 5418, 5427, paras. 24 (2017) (*Abramovich NAL*).

⁴²² *Id.* at paras. 25-26.

⁴²³ The base forfeitures in Section 1.80 range from \$1,000 (failure to provide station identification, for example) to the statutory maximum (misrepresentation/lack of candor). While the Commission evaluates each case in light of the nature and specific circumstances of the particular violations of Commission rules, we note that the Commission has used a \$1,000 base forfeiture amount in addressing similar large-scale egregious misconduct. See generally *Abramovich NAL*.

⁴²⁴ As discussed in Section III.A. above, American Broadband sought Lifeline support for 18,894 improper Lifeline enrollments on its Subscriber List corresponding with its data month August 2016 Form 497. See *supra* Tables 1-6 and para. 151. As discussed in section III.B. above, in data month August 2016, the Company sought Lifeline support for 32,032 accounts that it failed to properly de-enroll. See *supra* Tables 7-10. Within the categories of improper enrollments and de-enrollments, some of the improper accounts appeared more than once; we deleted from the total of improper claims (50,926) any overlapping accounts. Specifically, we deleted 8,617 improper accounts, for a total of 42,309 improper accounts in data month August 2016.

⁴²⁵ Although the Commission has used a different forfeiture methodology in some previous NALs involving the Lifeline program—one tying forfeiture amounts to the number of filings made in violation of our rules, the number of ineligible subscribers claimed, and the support unlawfully claimed—those NALs involved conduct less pervasive than the conduct we have found in mass fraud cases, and as such, are not binding on us here. See, e.g., *Budget Prepay, Inc.*, Notice of Apparent Liability for Forfeiture, 29 FCC Rcd 2508 (2014); *VCI Company*, Notice of Apparent Liability for Forfeiture, 22 FCC Rcd 15933 (2007). We find that the facts in this case are more akin to the egregious conduct in the *Abramovich* case. In instances involving large-scale egregious conduct, we recognize that "there is risk that the fine will far exceed any person's or company's ability to pay;" yet, because of the extensive, apparent fraud, we find that proposing a significant penalty is appropriate. See *Abramovich NAL*, 32 FCC Rcd at 5426, para. 24.

⁴²⁶ See *Abramovich NAL*, 32 FCC Rcd at 5427, paras. 25-26; *Adrian Abramovich, Marketing Strategy Leaders, Inc., and Marketing Leaders, Inc.*, Forfeiture Order, FCC 18-58 (May 10, 2018).

the Commission's rules continued even after its own staff had identified enrollments as "fraudulent." The Company admitted that it had failed to comply with several of the rules and procedures governing the Lifeline program and reported that it had taken corrective measures to correct the problems. However, the Company continued to seek and receive Lifeline support for the same ineligible customers/accounts after its disclosure to the Commission. The Company also failed to disclose additional issues which allowed it to receive improper payments from the Fund. As an example, in as early as December 2015, the Company was apparently aware that its agents manipulated personal identifying information to create duplicate accounts—yet the Company failed to disclose these facts to either USAC or the Commission.⁴²⁷ Also, by June 2016, the Company was aware that it was improperly seeking support for roughly 68,000 subscribers, but instead of immediately correcting the issue, it designed a plan to continue to improperly seek Lifeline support for those subscribers—and it again failed to disclose this conduct to the Commission. Month after month, the Company filed Forms 497 seeking support for thousands of ineligible Lifeline accounts, and in maintaining and/or increasing the reported number of subscribers, the Company concealed the true nature of its Lifeline business. Therefore, based on this apparent egregious misconduct,⁴²⁸ we propose an upward adjustment to the base forfeiture of \$21,154,500, which is fifty percent of the base forfeiture.

177. Accordingly, as summarized in Table 11, we find that American Broadband and Jeffrey Ansted are apparently liable for a forfeiture penalty of \$63,463,500 for American Broadband's apparent violations as discussed above and conclude that the total proposed forfeiture is warranted.

Table 11: Calculation of the Forfeiture Penalty

Forfeiture Calculation	No. of Subscribers	Multiplier	SUB-TOTAL
Base: Unique Subscribers x \$1,000	42,309	\$1,000	\$ 42,309,000.00
Upward Adjustment			\$ 21,154,500.00
			\$ 63,463,500.00

178. We find that this forfeiture structure in no way forecloses the Commission or any other governmental entity from taking additional enforcement action and imposing additional forfeitures for other apparent violations of the Lifeline rules. Additionally, we clarify that the penalties that result from this forfeiture structure are separate from any amounts that the Company may be required to refund to make the Fund whole.

179. In addition, in light of American Broadband's egregious misconduct and the demonstrated harm to the Fund from the apparent violations, we order American Broadband to submit a report within 30 days of release of this NAL explaining why the Commission should not initiate proceedings against American Broadband to revoke its Commission authorizations.

VI. REQUESTS FOR CONFIDENTIALITY

180. American Broadband has requested that that the materials it submitted to the Commission in this matter be withheld from public inspection, pursuant to section 0.459 of our rules. While it did provide general reasons as to why it believes the materials should be withheld, albeit with little elaboration, it did not specify the particular information it believed was confidential, as required by our rules, but simply made a blanket claim of confidentiality as to all of the submitted materials. And while the materials submitted were numerous, American Broadband could have, for example, identified specific

⁴²⁷ As discussed above, the Company failed to properly resolve the issues with its agents and it continued to seek Lifeline support for the ineligible accounts created by its agents.

⁴²⁸ See 47 CFR § 1.80(b)(8), Note (providing guidelines that the Commission and its staff may use in assessing forfeitures, including upward adjustment criteria such as egregious misconduct).

categories of information for which it sought confidential treatment (e.g., subscriber information). It did not.

181. American Broadband has not followed our rules in requesting that this information be withheld from public inspection. We are also not persuaded that the public release of the information American Broadband has provided in this proceeding will place it at a competitive disadvantage and cause it substantial competitive harm. Additionally, when balancing the public and private interests at stake, we conclude that releasing to the public this and the other information cited in this NAL will serve the public interest by furthering transparency in the Lifeline program and that the public interest outweighs any countervailing interest that American Broadband has in keeping the information confidential. We conclude that each of these reasons provide a sufficient basis for our denial of American Broadband's requests and releasing the information.

182. With respect to the materials cited in this NAL which American Broadband has requested be withheld from public inspection pursuant to section 0.459 of our rules, we deny that request with only the following exceptions: the names, addresses and other personally identifiable information of subscribers; the specific salaries, commissions, the price other compensation paid to and "fines" imposed on sales agents; the price of phones; and the number of valid applications an agent needs to submit to remain in "active" status for American Broadband. We specifically note that we are rejecting the requests that we withhold from the public the extent of American Broadband's non-compliance with Lifeline and other Commission rules and regulations; the problems that may have led to its non-compliance; its detection of non-compliance; its previous methods for detecting non-compliance; and its proposed plans for complying with our rules and regulations in the future.

183. American Broadband has not made any demonstration that, with the exceptions listed above, release of the information for which it seeks confidentiality would cause it competitive harm. Moreover, we note that information that is in the public domain is not subject to protection as "confidential."⁴²⁹ For example, the number of Lifeline subscribers a company serves and the number that are de-enrolled each month are publicly filed on FCC Form 555s. In addition, as the Commission has explained, they are also readily ascertainable from other public sources.⁴³⁰ This information, therefore, may not be withheld from public release under our rules. In addition, materials that are simply embarrassing or that cause "customer disgruntlement" are generally not by that fact alone entitled to confidential treatment. Rather, the materials must be of a type such that competitors could use the information to gain a competitive advantage.⁴³¹

⁴²⁹ See, e.g., *CNA Fin'l Corp. v. Donovan*, 830 F.2d 1132, 1154 (D.C. Cir. 1987); Lifeline and Link Up Reform and Modernization, *Second Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order*, 30 FCC Rcd 7818, 7911 (2015) (*Nexus MO&O*).

⁴³⁰ *Nexus MO&O*, 30 FCC Rcd at 7911-12.

⁴³¹ See, e.g., *Public Citizen Health Research Group v. FDA*, 704 F.2d 1280, 1291 n.30 (D.C. Cir. 1983) (observing that competitive harm should "be limited to harm flowing from the affirmative use of proprietary information by competitors" and "should not be taken to mean" harms such as "customer or employee disgruntlement" or "embarrassing publicity attendant upon public revelations concerning, for example, illegal or unethical payments to government officials" (internal quotations omitted)(emphasis in original)); *CNA Fin. Corp. v. Donovan*, 830 F.2d 1132, 1154 (declaring that "unfavorable publicity" and "demoralized" employees insufficient for showing of competitive harm); *General Elec. V. NRC*, 750 F.2d 1394, 1402 (7th Cir. 1984); *In Def. of Animals v. USDA*, 587 F. Supp. 2d 178, 182 (D.D.C. 2008) (excluding proposed expert testimony that addressed "reputational harm caused by negative publicity," which was "irrelevant to the competitive harm inquiry under Exemption 4"); *Ctr. to Prevent Handgun Violence v. United States Dep't of the Treasury*, 981 F. Supp. 20, 23 (D.D.C. 1997) (denying competitive harm claim for disclosure that would cause "unwarranted criticism and harassment" inasmuch as harm must "flow from competitors' use of the released information, not from any use made by the public at large or customers"), *appeal dismissed*, No. 97-5357 (D.C. Cir. Feb. 2, 1998).

184. As an independent reason for denying American Broadband's requests and releasing the information cited in this NAL, we conclude that making public this and the other information we have received in the course of our investigation and cited in this NAL would serve the public interest by furthering transparency in the Lifeline program. Even if some of it would be considered to be trade secrets or would otherwise be permitted to be withheld under Exemption 4 of the Freedom of Information Act, section 0.457(d)(2) of our rules authorizes us to publicly release trade secrets or confidential commercial information, that are subject to a request for confidential treatment, upon a balancing of the public and private interests at stake.⁴³² Consistent with section 0.457(d)(2) of our rules, we find a strong public interest in ensuring that Lifeline funds are properly allocated and in understanding the extent to which ETCs are complying with the Commission's Lifeline rules, and that there is a public interest in favor of the release of this information. The information cited in this NAL falls squarely within these contours. Accordingly, we determine that the public interest in making this information available to the public outweighs whatever risk of competitive harm to American Broadband that may exist, and therefore find a persuasive basis on which to release this information.

185. Because American Broadband's requests are being ruled on by the Commission in the first instance, we will stay the effective date of our decision to deny the requests for confidentiality and release the information cited in this NAL for 10 business days from the date of release of this NAL to allow American Broadband to file a petition for reconsideration; if it does so, we will continue to withhold the information from public inspection until that process is complete.⁴³³ If after 10 business days American Broadband has not filed a petition for reconsideration or sought a judicial stay, the material will be made publicly available.⁴³⁴

VII. ORDERING CLAUSES

186. Accordingly, **IT IS ORDERED** that, pursuant to section 503(b) of the Act, and sections 1.80 of the Commission's rules,⁴³⁵ American Broadband & Telecommunications Company and Jeffrey Ansted are hereby **NOTIFIED** of this **APPARENT LIABILITY FOR FORFEITURE** in the amount of sixty-three million four hundred sixty-three thousand and five hundred dollars (\$63,463,500) for apparently willfully and repeatedly violating of the Commission's rules.⁴³⁶

187. **IT IS FURTHER ORDERED** that, pursuant to section 1.80 of the Rules,⁴³⁷ within thirty (30) calendar days of the release date of this Notice of Apparent Liability for Forfeiture and Order, American Broadband **SHALL PAY** the full amount of the proposed forfeiture or **SHALL FILE** a written statement seeking reduction or cancellation of the proposed forfeiture consistent with paragraph 189 below.

188. Payment of the forfeiture must be made by check or similar instrument, wire transfer, or credit card, and must include the NAL/Account number and FRN referenced above. American Broadband shall also send electronic notification of payment to Rakesh Patel at Rakesh.Patel@fcc.gov on the date said payment is made. Regardless of the form of payment, a completed FCC Form 159 (Remittance Advice) must be submitted.⁴³⁸ When completing the FCC Form 159, enter the Account Number in block number 23A (call sign/other ID) and enter the letters "FORF" in block number 24A

⁴³² See *Nexus MO&O*, 30 FCC Rcd at 7913.

⁴³³ Cf. 47 CFR § 0.455(g).

⁴³⁴ See 47 CFR §§ 0.455(e), (g).

⁴³⁵ 47 U.S.C. § 503(b); 47 CFR § 1.80.

⁴³⁶ 47 CFR §§ 54.405, 54.407, 54.410.

⁴³⁷ 47 CFR § 1.80.

⁴³⁸ An FCC Form 159 and detailed instructions for completing the form may be obtained at <http://www.fcc.gov/Forms/Form159/159.pdf>.

(payment type code). Below are additional instructions you should follow based on the form of payment you select:

- Payment by check or money order must be made payable to the order of the Federal Communications Commission. Such payments (along with the completed Form 159) must be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.
- Payment by wire transfer must be made to ABA Number 021030004, receiving bank TREAS/NYC, and Account Number 27000001. To complete the wire transfer and ensure appropriate crediting of the wired funds, a completed Form 159 must be faxed to U.S. Bank at (314) 418-4232 on the same business day the wire transfer is initiated.
- Payment by credit card must be made by providing the required credit card information on FCC Form 159 and signing and dating the Form 159 to authorize the credit card payment. The completed Form 159 must then be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.

Any request for making full payment over time under an installment plan should be sent to: Chief Financial Officer—Financial Operations, Federal Communications Commission, 445 12th Street, S.W., Room 1-A625, Washington, D.C. 20554.⁴³⁹ If you have questions regarding payment procedures, please contact the Financial Operations Group Help Desk by phone, 1-877-480-3201, or by e-mail, ARINQUIRIES@fcc.gov.

189. The written statement seeking reduction or cancellation of the proposed forfeiture, if any, must include a detailed factual statement supported by appropriate documentation and affidavits pursuant to 1.16 and 1.80(f)(3) of the Rules.⁴⁴⁰ The written statement must be mailed to the Office of the Secretary, Federal Communications Commission, 445 12th Street, SW, Washington, DC 20554, ATTN: Enforcement Bureau, Federal Communications Commission and must include the NAL/Acct. No. referenced in the caption. The written statement shall also be e-mailed to Rakesh.Patel@fcc.gov.

190. The Commission will not consider reducing or canceling a forfeiture in response to a claim of inability to pay unless the petitioner submits: (1) federal tax returns for the most recent three-year period; (2) financial statements prepared according to generally accepted accounting principles (GAAP); or (3) some other reliable and objective documentation that accurately reflects the petitioner's current financial status. Any claim of inability to pay must specifically identify the basis for the claim by reference to the financial documentation submitted.

191. **IT IS FURTHER ORDERED** that American Broadband shall respond to the order in paragraph 179 within thirty (30) calendar days of the release date of this Notice of Apparent Liability for Forfeiture and Order.

192. **IT IS FURTHER ORDERED**, pursuant to section 0.459(g) of the Rules,⁴⁴¹ that the Requests for Confidential Treatment filed by American Broadband in this proceeding⁴⁴², except as otherwise noted above,⁴⁴³ **ARE DENIED**.

⁴³⁹ See 47 CFR § 1.1914.

⁴⁴⁰ 47 CFR §§ 1.16, 1.80(f)(3).

⁴⁴¹ 47 CFR § 0.459(g).

⁴⁴² EB File Number EB-IHD-17-00023554.

⁴⁴³ See *supra* Section VI.

193. **IT IS FURTHER ORDERED** that a copy of this Notice of Apparent Liability for Forfeiture together with the data related to the improper accounts claimed on the Subscriber Lists shall be sent by certified mail, return receipt requested, and first-class mail to

- (1) Jeffrey Ansted, President, American Broadband & Telecommunications Company, One Seagate, Suite 600, Toledo, OH 46399;
- (2) American Broadband and Telecommunications, Inc., One Seagate, Suite 600, Toledo, OH 46399; and
- (3) Jeffrey Ansted,

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

APPENDIX A
Original and Revised Form 497s

State (No. of Original Forms)	Data Months (Dates of Original and Revised Form 497s)
Illinois (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16; revised 2/27/17) Dec. 2016 (original 1/12/17)
Indiana (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)
Kentucky (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)
Michigan (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16; revised 2/27/17, 6/19/17) Dec. 2016 (original 1/12/17)
Missouri (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16) Sep. 2016 (original 10/5/16; revised 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)
Nevada (6)	Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16) Sep. 2016 (original 10/5/16; revised 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)

Ohio (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16; revised 2/27/17, 6/19/17) Dec. 2016 (original 1/12/17)
Puerto Rico (6)	Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16; revised 2/27/17) Dec. 2016 (original 1/12/17)
South Carolina (6)	Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)
West Virginia (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)
Wisconsin (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)

APPENDIX B

S M ILLUSTRATION						
LAST NAME	FIRST NAME	REDACTED SSN	REDACTED DOB	REDACTED ADDRESS	CITY	
M	S n	[same SSN]	[same DOB]	[different address]	Detroit	
M mr	S				Inkster	
M	S		[different DOB]	[same address]	Detroit	
M	S				Detroit	
M ms	S		[same DOB]	[same address]	Dearborn Heights	
M sr	S				Dearborn Heights	
m s			[same DOB]	[same address]	Ypsilanti	
M mrs	S n				Ypsilanti	
M	S n		[different DOB]	[different address]	Detroit	
M	S n				Detroit	
m jr	s		[same DOB]	[same address]	Ypsilanti	
M sr	S n				Ypsilanti	
M	S		[same DOB]	[same address]	Ypsilanti	
M ms	S n				Ypsilanti	
M jr	S n		[same DOB]	[same address]	Detroit	
m mrs	s				Detroit	
M dr	S		[different DOB]	[same address]	Detroit	
M mr	S				Detroit	
M	S		[different DOB]	[same address]	Detroit	
M	S i				Detroit	

APPENDIX C Flight Record

Date	Time	Flight Time Code *	Departure Airport	Departure State	Destination Airport	Destination State	Note
24-Mar-16	21:01	D	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
31-Mar-16	05:14	E	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	
28-Apr-16	12:59	P	Toledo Express Airport	Ohio	Greenville–Spartanburg International Airport	South Carolina	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
28-Apr-16	15:34	D	Greenville–Spartanburg International Airport	South Carolina	Sarasota–Bradenton International Airport	Florida	
1-May-16	17:43	P	Sarasota–Bradenton International Airport	Florida	Greenville–Spartanburg International Airport	South Carolina	
1-May-16	22:23	D	Greenville–Spartanburg International Airport	South Carolina	Toledo Express Airport	Ohio	
25-May-16	21:00	P	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
27-May-16	16:34	P	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	
17-Jun-16	17:24	D	Toledo Express Airport	Ohio	Martin State Airport	Maryland	Jeffrey Ansted's son in Lacrosse tournament in Towson, Maryland
19-Jun-16	18:57	E	Martin State Airport	Maryland	Toledo Express Airport	Ohio	
12-Aug-16	13:27	D	Toledo Express Airport	Ohio	Martin State Airport	Maryland	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
12-Aug-16	14:59	D	Martin State Airport	Maryland	St. Pete–Clearwater International Airport	Florida	
12-Aug-16	19:51	D	St. Pete–Clearwater International Airport	Florida	Sarasota–Bradenton International Airport	Florida	
15-Aug-16	21:34	D	Sarasota–Bradenton International Airport	Florida	Martin State Airport	Maryland	
16-Aug-16	01:05	D	Martin State Airport	Maryland	Toledo Express Airport	Ohio	
26-Oct-16	13:32	D	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
28-Oct-16	19:40	E	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	
27-Dec-16	11:00	P	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
1-Jan-17	20:09	P	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	
5-Feb-17	20:01	D	Toledo Express Airport	Ohio	Toronto Pearson International Airport	Ontario, Canada	International flight manifest indicates family members & friends dropped off in Toronto en route to Philadelphia
5-Feb-17	21:10	E	Toronto Pearson International Airport	Ontario, Canada	Philadelphia International Airport	Pennsylvania	
5-Feb-17	22:15	D	Philadelphia International Airport	Pennsylvania	Toledo Express Airport	Ohio	
17-Feb-17	22:57	E	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby

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21-Feb-17	02:14	E	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	Longboat Key, Florida, as well as country club & yacht club memberships nearby.
26-Mar-17	06:20	P	Toledo Express Airport	Ohio	Owen Roberts International Airport	Cayman Islands	Wife & son in Instagram photo tagged on Grand Cayman Island on "Spring Break" on 3/30/2017
30-Mar-17	00:43	E	Owen Roberts International Airport	Cayman Islands	Toledo Express Airport	Ohio	
12-Apr-17	18:28	E	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
17-Apr-17	18:18	E	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	
26-Apr-17	15:48	E	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
28-Apr-17	20:00	P	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	

* **Flight Time Codes:** D = Departure; A= Arrival; E =Estimated; P = Proposed

APPENDIX D
Sample: Records and Data Used for Improper Enrollments

American Broadband Failed to Review Customer Applications and Proofs

Customer's Application / Certification Form:

Upline Self-Certification Form

Retained Proof Image:

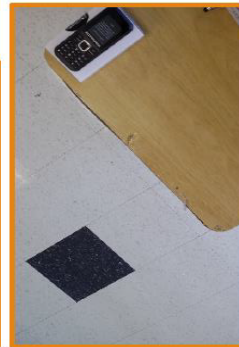
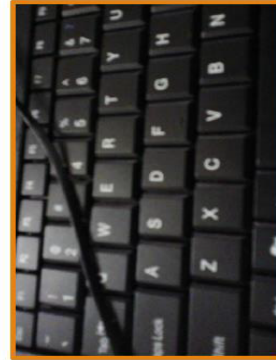
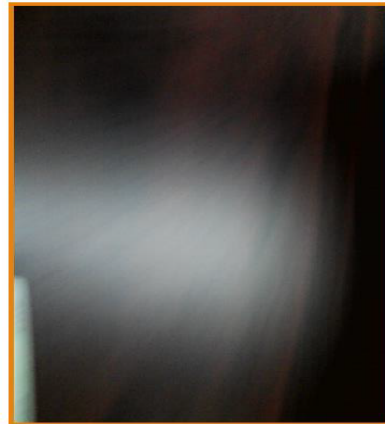
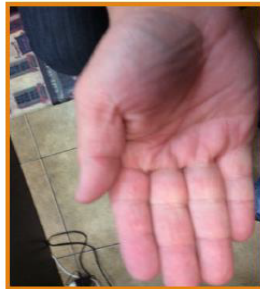
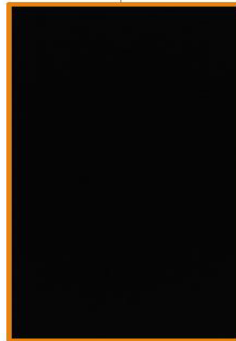


American Broadband Relied on Unreadable Proofs (Blurry, Glare, etc)

Examples of Eligibility and ID Proofs that are Unreadable:

American Broadband Relied on Blank Proofs and Non-Proofs

Examples of Images Attached as Eligibility and ID Proofs that Contain No Recognizable Proof or Documentation:




American Broadband Enrolled Hundreds at Single-Family Addresses

Enrolled 202 subscribers at
[redacted] K [redacted] St, Detroit, MI:


Google Street View Image:

[redacted]



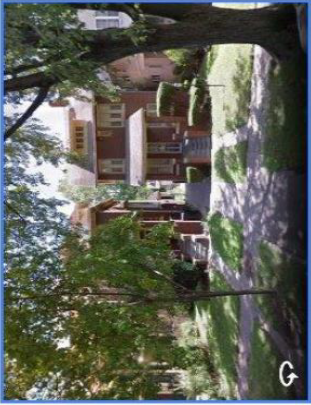
Enrolled 178 subscribers at
[redacted] K [redacted] St, Detroit, MI:

[redacted]



Enrolled 166 subscribers at
[redacted] L [redacted] St, Detroit, MI:

[redacted]



**STATEMENT OF
CHAIRMAN AJIT PAI**

Re: *American Broadband & Telecommunications Company; Jeffrey S. Ansted*, File No. EB-IHD-17-00023554.

The FCC’s Lifeline program is designed in part to help provide affordable broadband and bring the benefits of digital opportunity to those Americans who need it most. Funding for this program, which comes from taxpayers, should be used to empower low-income consumers—not line the pockets of unscrupulous wireless resellers participating in the program. But that is apparently what happened in this case, which involves a company ironically doing business under the name “American Assistance.”

Let me recap the facts: The company, American Broadband & Telecommunications Company (American Broadband), appears to have requested and received funding for tens of thousands of ineligible Lifeline customer accounts. The company’s sales agents apparently created fake or duplicate accounts by using the names of deceased people; modifying the names, dates of birth, and Social Security Numbers of actual Lifeline subscribers; reusing the same proof-of-eligibility documents for multiple accounts; listing the same single-family home addresses for dozens of accounts; and using addresses where nobody actually lived. American Broadband also appears to have claimed funding for thousands of customers who hadn’t been using the service for months and thousands of others who had already switched to another Lifeline provider. Month after month, the company apparently sought funding for accounts that it knew were ineligible to receive Lifeline benefits. And in August 2016—after American Broadband told the Commission that it had taken action to ensure compliance with our Lifeline rules—the company still appears to have claimed Lifeline funding for more than 42,000 ineligible accounts. Meanwhile, the owner of American Broadband apparently used the company’s ill-gotten gains to buy luxury items like a private jet, a Ferrari convertible, and country club and yacht club memberships.

In short, this is a case about apparent fraud. And in response, we propose a fine of more than \$63 million against American Broadband—which would be the largest-ever penalty for violations of our universal service support rules. But we don’t stop there. We also make clear that this proposed penalty is separate from any refunds that the company might owe to the Universal Service Fund—essentially, to American taxpayers. And we order American Broadband to explain why we shouldn’t revoke its FCC authorizations to offer service.

Our message cannot be clearer: We will take swift and aggressive enforcement action against unscrupulous companies that abuse the Lifeline program. American taxpayers who contribute this funding and the low-income Americans who rely on it deserve nothing less.

For their meticulous investigative work on this case, I’d like to thank Mary Beth DeLuca, Rosemary Harold, Jason Mastrangelo, Keith Morgan, Dangkhua Nguyen, Rakesh Patel, Michael Scurato, David Sobotkin, Raphael Sznajder, Romanda Williams, and Michael Zehr of the Enforcement Bureau. And thank you to the dedicated staff from the Commission’s other Bureaus and Offices for their work on this case: Terry Cavanaugh, Rick Mallen, Linda Oliver, Joel Rabinovitz, and Bill Richardson from the Office of General Counsel; Chris Howell-Little, Regina Jansen, and Eric Phelps from the Office of Inspector General; and Kate Dumouchel and Rashann Duvall from the Wireline Competition Bureau.

**STATEMENT OF
COMMISSIONER BRENDAN CARR**

Re: *American Broadband & Telecommunications Company; Jeffrey S. Ansted*, File No. EB-IHD-17-00023554.

Every time a company steals a dollar from Lifeline, it undermines the goals of the program. So the FCC has a responsibility to ratepayers and beneficiaries alike to hold bad actors accountable. And this case appears to be a particularly egregious example of fraud.

American Broadband apparently defrauded the Lifeline program to the tune of millions of dollars. Here's what the facts indicate:

- it sought and received support for dead people—more than 45,000 times over just one five-month period;
- when it found live customers, it would sign them up multiple times—in one case using the same person's name more than 20 times;
- it would also manipulate data to generate fake or ghost customers—including by making up dates of birth, using vacant lots as addresses, and by inventing social security numbers;
- not to miss out on the action, one agent for the company even signed himself up, twice.

But the apparent con did not stop there. As alleged in the Notice, the owner of American Broadband illegally authorized the transfer of over \$10 million in Lifeline funds to personal accounts. And he apparently used those funds:

- to purchase a \$1.3 million condo in Florida;
- to buy a \$250,000 Ferrari;
- to pay for a country club and yacht membership; and
- for an \$8 million jet, which he used to fly to the Cayman Islands.

It would be hard to describe a more brazen or textbook example of fraud, particularly when the entire purpose of the Lifeline program is to benefit low-income individuals. So I am glad that this FCC is taking strong action to hold bad actors accountable. Thank you to the staff of the Enforcement Bureau for your diligent work on this investigation. The Notice has my support.

**STATEMENT OF
COMMISSIONER JESSICA ROSENWORCEL**

Re: *American Broadband & Telecommunications Company; Jeffrey S. Ansted*, File No. EB-IHD-17-00023554.

The allegations that we have before us are ugly. We have a company that knew its agents were signing up bogus accounts to bilk the universal service fund and harm the Lifeline program. This company submitted ineligible claims. It slow rolled the removal of ineligible subscribers once it became clear that the jig was up. And its owner used universal service funds to purchase a Ferrari, a jet, country club memberships, and tens of thousands of dollars for landscaping. Cheating the government should have consequences—no matter who does it—because this behavior is not right.

But we should recognize that there are some other things that are not right. Last year this agency announced plans to gut Lifeline service in a manner that could cut 70 percent of its current subscribers.

Let's review who they are. We can start with the roughly 20,000 women, men, and children across the country who call a domestic violence hotline every day. Seventy-seven percent of domestic violence prevention programs distribute phones to help those who truly need a lifeline for safety. We can add the more than 500,000 Americans who live in Puerto Rico who rely on the Lifeline program for basic communications to stay connected in the aftermath of an epic storm. We can add another 1.3 million veterans who have honored us with their service and now rely on the Lifeline program in civilian life. On top of that, we can count nearly 2.2 million senior citizens who rely on this program to stay connected and healthy.

When companies cheat the Lifeline program, we need to make clear there are consequences. We need to block the door, deny them the ability to participate, and throw the book at them—as we do here. But let's lead with our humanity and not cruelty. Let's not cut off the millions of Americans who count on this program to stay connected every day.